No. 99-502-CFX Title: Donald E. Nelson, Petitioner
v.
Adams USA, Inc., et al.

Docketed: September 22, 1999 Court: United States Court of Appeals for the Federal Circuit

Entry	Date	Proceedings and Orders
	Aug 31 1999	Petition for writ of certiorari filed. (Response due October 22, 1999)
	Oct 22 1999	Brief of respondents Adams USA, Inc. and Apehead Manufacturing, Inc. in opposition filed.
	Nov 1 1999	Reply brief of petitioner Donald Nelson filed.
	Nov 3 1999	DISTRIBUTED. November 24, 1999
	Nov 29 1999	Petition GRANTED. SET FOR ARGUMENT March 27, 2000. **********
	Jan 13 2000	Joint appendix filed.
	Jan 13 2000	Brief of petitioner Donald Nelson filed.
	Jan 13 2000	Record filed.
	Jan 26 2000	CIRCULATED.
	Jan 31 2000	Record filed.
	Feb 17 2000	Brief of respondents Adams USA, et al. filed.
	Mar 15 2000	Reply brief of petitioner Donald Nelson filed.
	Mar 27 2000	ARGUED.

BEST AVAILABLE COPY

Supreme Court, U.S.
FILED

99 502 AUG 31 1999

OFFICE OF THE CLERK

Case No.

In the
United States Supreme Court

DONALD E. NELSON,
Petitioner,

v.

ADAMS USA, INC.
AND
APEHEAD MANUFACTURING, INC.
Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

PETITION FOR WRIT OF CERTIORARI

DEBRA J. DIXON, ESQ. (Counsel of Record)
JAMES L. DEESE, ESQ.
700 West St. Clair Avenue, Suite 216
Cleveland, Ohio 44113
(216) 621-9100
Attorneys for Petitioner

8778

QUESTIONS PRESENTED

Whether a United States District Court, consistent with the Federal Rules of Civil Procedure and the due process clause of the Fifth Amendment to the United States Constitution, can assess attorneys' fees against a non-party pursuant to 35 U.S.C. § 285 without first securing service of process upon, and jurisdiction over, that non-party.

Whether a non-party shareholder/officer of a corporate party which lost a patent infringement lawsuit on the merits is subject to an award of attorney fees pursuant to a statute (35 U.S.C. § 285) that authorizes an award of attorney fees to the "prevailing party" but makes no reference as to the party who must pay the award.

PARTIES

In addition to the parties listed in the caption, the following were parties to the proceedings below:

Ohio Cellular Products Corporation; and
All American Sports Corporation.

Ohio Cellular Corporation does not presently have a parent corporation that owns more than 10% of its shares of stock. All American Sports Corporation is owned, in its entirety, by Riddell Sports, Inc., a publicly held corporation.

TABLE OF CONTENTS

Page

QUESTIONS PRESENTED i

PARTIES ii

TABLE OF AUTHORITIES v

OPINIONS BELOW 1

JURISDICTION 1

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED 1

STATEMENT OF THE CASE 2

REASONS FOR GRANTING THE WRIT 7

I. This Court Should Grant Certiorari so that it Can Delineate the Limits that the United States Constitution Places Upon the Liberal Amendment and Joinder Provisions of the Federal Rules of Civil Procedure. 7

A. Because the Court of Appeals Sanctioned a Substantial Departure from Well Recognized Constitutional Principles of Due Process, Petitioner Is Entitled to a Writ of Certiorari. 7

B. Because the Court of Appeals' Decision Conflicts with the Decision of this Court in *Zenith Corp. v. Hazeltine*, Petitioner Is Entitled to a Writ of Certiorari. 9

C. Because of Conflicting Court of Appeals Decisions Regarding the Circumstances Under Which the Federal Rules of Civil Procedure Permit Post-Judgment Pleading Amendments to Include a Non-Party, Petitioner is Entitled to a Writ of Certiorari to Resolve the Conflict. 11

Page

II. This Court Should Also Grant Certiorari to Provide Guidelines as to Who Must Pay Attorney Fees Where a Statute Provides that the District Court May Award Attorney Fees to the "Prevailing Party." 14

CONCLUSION 16

TABLE OF AUTHORITIES

CASES Page

Datascope Corp. v. SMEC, Inc., 964 F. 2d 1043 (Fed. Cir. 1992) 13

Foman v. Davis, 371 U.S. 178 (1962) 11

Fromson v. Citiplate, Inc., 886 F. 2d 1300 (Fed. Cir. 1989) 11, 12, 13

Fuentes v. Shevin, 407 U.S. 67 (1972) 7

Kalman v. Berlyn Corp., 914 F. 2d 1473 (Fed. Cir. 1990) 11, 12

Kentucky v. Graham, 473 U.S. 159 (1985) 14, 15, 16

Mullane v. Central Hanover Bank & Trust Co., 339 U.S. 306 (1950) 7

Orthokinetics, Inc. v. Safety Travel Chairs, Inc., 806 F. 2d 1565 (Fed. Cir. 1986) 15

Zenith Corporation v. Hazeltine, 395 U.S. 100 (1969) ... 8, 9, 10, 11

STATUTES, REGULATIONS AND RULES

28 U.S.C. § 1245(1) 1

35 U.S.C. § 285 ..... 1, 3, 14

42 U.S.C. § 1988 15

Federal Rule of Civil Procedure 4 9

Federal Rule of Civil Procedure 15(a) 11

Federal Rule of Civil Procedure 15(c) 13

Federal Rule of Civil Procedure 59(e) 2, 5

Federal Rule of Civil Procedure 60(b)(4) 7

Supreme Court of the United States Rule 10 ..... 8, 9, 11, 14, 16

APPENDICES

Page

April 26, 1999 Decision and Opinion of the United States Court of Appeals for the Federal Circuit 17

June 3, 1999 Order of the United States Court of Appeals for the Federal Circuit denying Petitioner's Motion for Rehearing 40

February 12, 1997 Judgment Entry and Memorandum Opinion of the United States District Court, Northern District of Ohio (Western Division) 41

September 25, 1997 Judgment Entry and Memorandum Opinion of the United States District Court, Northern District of Ohio (Western Division) 57

January 20, 1998 Judgment Entry and Memorandum Opinion of the United States District Court, Northern District of Ohio (Western Division) 66

March 25, 1998 Judgment Entry and Memorandum Opinion of the United States District Court, Northern District of Ohio (Western Division) 77

OPINIONS BELOW

The April 26, 1999 opinion of the Federal Circuit Court of Appeals, whose judgment is sought to be reviewed, is reprinted in the separate Appendix to this petition at pp. 17-31. The Federal Circuit Court of Appeals' denial of petitioner's motion for rehearing appears at pp. 40 of the Appendix. The decisions of the United States District Court for the Northern District of Ohio (Western Division) that the Federal Circuit Court of Appeals reviewed are reprinted in the Appendix at pp. 41-81.

JURISDICTION

The judgment of the Federal Circuit Court of Appeals was entered on April 26, 1999. On June 3, 1999, the court of appeals denied petitioner's request for rehearing. Petitioner invokes the jurisdiction of this court pursuant to 28 U.S.C. § 1245(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

This case involves the second to last clause of the Fifth Amendment to the United States Constitution which provides:

> No person shall be * * * deprived of life, liberty or property without due process of law * * * .

This case also involves interpretation and application of 35 U.S.C. § 285 which provides:

> The court in exceptional cases may award reasonable attorney fees to the prevailing party.

Finally, this case involves interpretation and application of the following Federal Rules of Civil Procedure:

> Rule 15(a): A party may amend the party's pleading once as a matter of course at any time before a responsive pleading is served or, if the pleading is one to which no responsive plead-

ing is permitted and the action has not been placed upon the trial calendar, the party may so amend it at any time within 20 days after it is served. Otherwise a party may amend the party's pleading only by leave of court or by written consent of the adverse party; and leave shall be freely given when justice so requires.

Rule 59(e): Any motion to alter or amend a judgment shall be filed no later than 10 days after entry of the judgment.

STATEMENT OF THE CASE

This case involves an unprecedented procedure by which the district court amended a $178,888.51 judgment to include as "an additional party against whom judgment is entered" a non-party who was neither served with process nor afforded the opportunity to defend, on the merits, the litigation that resulted in the judgment.

On May 19, 1994, Ohio Cellular Products Corporation ("Ohio Cellular") filed suit against respondents Adams, USA, Inc. and Apehead Manufacturing, Inc. In that lawsuit Ohio Cellular alleged that it was entitled to monetary and injunctive relief on account of respondents' having violated two patents licensed to it. Respondents answered and asserted as a defense the alleged invalidity of the patents. Respondents also counterclaimed against Ohio Cellular and therein sought a declaratory judgment that the patents under which Ohio Cellular filed the lawsuit were invalid. In addition, respondents sought by way of their counterclaim attorneys' fees from Ohio Cellular.

Finally, respondents filed a third party complaint against All American Sports Corporation, the patent owner who had licensed the two patents in question to Ohio Cellular. As with their counterclaim, respondents' third party complaint against All American Sports sought a declaration that the two patents were invalid and further sought attorneys' fees from All American Sports as well.

On October 11, 1995, finding the two patents in question to be invalid for "lack of novelty," the district court granted summary

judgment in favor of respondents. Thereafter, pending Ohio Cellular's appeal from the granting of summary judgment, respondents filed with the district court a motion for attorneys' fees. Specifically, respondents sought attorneys' fees pursuant to 35 U.S.C. § 285, which provides the following with respect to patent infringement lawsuits:

> The court in exceptional cases may award reasonable attorney fees to the prevailing party.

Respondents, as a basis for their motion for attorneys' fees, claimed that Ohio Cellular had engaged in (1) vexatious and unjustified litigation by filing the infringement action; and (2) inequitable conduct before the United States Patent and Trademark Office ("PTO") when, in prosecuting the two patents, its sole shareholder and president, petitioner Donald Nelson, allegedly failed to disclose the existence of known prior art. On February 12, 1997, shortly after the Federal Circuit Court of Appeals had affirmed its granting of summary judgment in favor of respondents, the district court, ***without hearing***, granted respondents' motion for attorneys' fees. [Appendix at p. 41]. Although the court rejected respondents' claim that the litigation was vexatious and unjustified, it ruled that Ohio Cellular had engaged in misconduct before the PTO and therefore, determined that there were "exceptional circumstances" warranting the imposition of attorneys' fees in accordance with 35 U.S.C. § 285. Specifically, the court ruled that petitioner (as Ohio Cellular's president) failed to disclose to the PTO the existence of a patent ("the Marc 037 patent") that anticipated the two patents, the alleged infringement of which Ohio Cellular claimed in the pending lawsuit. The basis of this finding of non-disclosure was the fact that back in the 1980's petitioner, although unaware of the Marc 037 patent itself, had observed portions of a process (the "Foam-Aid" process) that may have been subject to the Marc 037 patent. Although there was not one shred of evidence that petitioner (or anyone else at Ohio Cellular) was actually aware of the Marc 037 patent itself, the district court found that Ohio Cellular knew of its existence and intentionally failed to disclose it to the PTO.

Subsequently, Ohio Cellular filed a motion for reconsideration upon which the district court conducted an evidentiary hearing. Thereafter, on September 25, 1997, the court denied the motion for reconsideration, finding that even if Ohio Cellular had not known of the existence of the Marc 037 patent, it had engaged in inequitable conduct by allegedly failing to disclose the "Foam-Aid" process (portions of which petitioner previously had observed in the 1980's).[1] [Appendix at p. 57]. The district court, in denying the motion for reconsideration, granted respondents thirty days within which to submit evidence concerning the amount of attorneys' fees that respondents had incurred in defending the infringement action.

In ordering the respondents' submission, the court also verbally advised counsel for the parties to attempt to resolve the attorneys' fees issue without further intervention by the court. In response, Ohio Cellular's then trial counsel, Richard M. Kerger, wrote counsel for respondents and (unbeknownst to petitioner) stated:

> I am writing to potentially save you some time. The fact is if the attorney fee award exceeds a very limited amount, you will not collect it because the company [Ohio Cellular] will be liquidated. If you wish to discuss resolution on a nominal basis, please let me know.

Subsequently, on October 27, respondents' counsel submitted their declarations regarding the amount of the fees being sought. In conjunction therewith, they submitted a "Petition for Attorneys' Fees" in which they sought to justify the time they expended as well as the fees being charged for that time. Although the district court had ruled that only the plaintiff (*i.e.*, Ohio Cellular) was liable for the fee award, respondents' counsel, in their petition, sought a fee award from the third party defendant, All American Sports Corporation. Despite the fact that, at the time of submitting their peti-

1. This finding is not supported by the record. The filings that Ohio Cellular made with the PTO in prosecuting one of the patents clearly identified the process that petitioner had observed at Foam-Aid back in the 1980's.

tion, respondents were well aware of Ohio Cellular's possible liquidation and that they may need to look to another party to collect the fee award, respondents made no mention of Kerger's October 13 threat. Nor, did they argue or even suggest at that time that there was personal liability on the part of petitioner.

On January 20, 1998, the district court rendered its monetary award of attorneys' fees. It awarded respondents $178,888.51 in attorneys' fees but held that only Ohio Cellular, not All American Sports, was liable for those fees. [Appendix at p. 66]. Dissatisfied with the fact that Ohio Cellular was uncollectible, and that the trial judge had not assessed fees against the only collectible adverse party, All American Sports, respondents began to look elsewhere for collection of its fee award. They did so through a very unusual and unprecedented procedure. First, they sought leave to amend their complaint to join, as a third party defendant, petitioner who, up to that date, had ***not*** been a party to the litigation — a practice that, in and of itself, was not that unusual. However, not only did respondents seek to amend their complaint and join petitioner, but they also sought the extraordinary relief of amending, under Fed. R. Civ. P. 59(e), the attorney fee judgment to include as a judgment debtor not only Ohio Cellular, but also petitioner. Respondents sought this extraordinary relief notwithstanding the fact that petitioner had not been served with process, and had not, up until that date, been afforded the opportunity to defend the fee award claim and assert defenses which, although unavailable to Ohio Cellular, were available to him individually.

Ohio Cellular opposed the motion on the basis that there was no evidence to support it (respondents had failed to submit any evidentiary materials) and that to amend the judgment *ex post facto* to include petitioner as a judgment debtor violated the due process provisions of the United States Constitution. Notwithstanding the fact that petitioner's sole participation in the patent infringement proceedings was to testify as a witness and that he had been, by court order, specifically excluded from participating in, and having access to, discovery, the district court found that petitioner alleg-

edly had been the Ohio Cellular officer responsible for the alleged "inequitable conduct" before the PTO and had been "personally involved" in the prosecution of the infringement action. [Appendix at p. 74]. On the basis of those unsupported findings, the court granted respondents "leave to amend their third party complaint to name [petitioner] as a third party defendant in his individual capacity." [Appendix at p. 70]. Amazingly, respondents ***never*** amended their third party complaint and ***never*** joined petitioner as a third party defendant. More importantly, there being no third party complaint naming petitioner, ***there never was any service of process upon him.*** Yet, notwithstanding the lack of an amended third party complaint naming and joining petitioner, the district court amended the fee award judgment and included petitioner "as an additional party against whom judgment is entered." [Appendix at p. 70]. Thus, the respondents were able to obtain a money judgment against petitioner without his ever having had the opportunity to file and serve an answer or defend on the merits. By doing such, the respondents effectively deprived petitioner of affirmative defenses that he, as an individual, possessed and would have been entitled to present had he been afforded the opportunity to file an answer. These defenses included, among others: (1) lack of personal jurisdiction (petitioner is a citizen of Michigan); (2) statute of limitations (respondents sought leave to join petitioner long after he allegedly engaged in the inequitable conduct that formed the basis of the fee award); (3) laches; and (4) unclean hands.

Petitioner timely filed a notice of appeal to the Federal Circuit Court of Appeals which, in a two to one decision, affirmed the fee award judgment against petitioner individually. Judge Newman, in her dissenting opinion, noted that the procedure employed by the district court not only was "unusual" but indeed, was "unprecedented" and constituted a "breach of due and fair process." [Appendix at pp. 32-33].

Notwithstanding the unprecedented nature of its decision, the court of appeals, on June 3, 1999, denied petitioner's motion for reconsideration. Petitioner now seeks review by this Court. In addition, because the judgment rendered against him is void for lack of service of process, petitioner also has pending before the district court a motion for relief from judgment under Fed. R. Civ. P. 60(b)(4). For the reasons that follow, this Court should accept review of this case.

REASONS FOR GRANTING THE WRIT

I.

This Court Should Grant Certiorari so that it Can Delineate the Limits that the United States Constitution Places Upon the Liberal Amendment and Joinder Provisions of the Federal Rules of Civil Procedure.

A. Because the Court of Appeals Sanctioned a Substantial Departure from Well Recognized Constitutional Principles of Due Process, Petitioner Is Entitled to a Writ of Certiorari.

Petitioner does not here challenge the liberal pleading provisions of the Federal Rules of Civil Procedure, and does not challenge the district court's decision to grant respondents leave to (1) amend their complaint (2) join petitioner as a new party defendant and (3) do so after judgment had been rendered. Doing such, even post-judgment, clearly is consistent with the purpose and spirit of the Federal Rules of Civil Procedure. What petitioner does object to is the district court's having rendered judgment against him without affording him the opportunity to defend on the merits and to raise defenses not raised by Ohio Cellular. By rendering judgment against petitioner without affording him the opportunity to defend on the merits, the district court clearly acted inconsistently both with the Federal Rules of Civil Procedure and with the Fifth Amendment to the United States Constitution which provides that "no person shall be* * * deprived * * * of property without due process of law." This court repeatedly has held that, at a minimum, due process requires notice and an opportunity to be heard. *Mullane v. Central Hanover Bank & Trust Co.*, 339 U.S. 306 (1950); *Fuentes v. Shevin*, 407 U.S. 67 (1972) (and cases cited therein). The district

court denied petitioner both of these due process requirements.

In *Zenith Corporation v. Hazeltine*, 395 U.S. 100 (1969), the district court did precisely what the district court did in the instant case. It extended a judgment rendered against a corporation to include the corporation's owner notwithstanding the fact that the owner was not a party to the lawsuit, just as petitioner was not a party to the lawsuit in the instant case. This court sustained the court of appeals' reversal of that decision and held:

> It is elementary that one is not bound by a judgment in personam resulting from litigation in which he is not designated as a party or to which he has not been made a party by service of process.

Zenith, 395 U.S. at 110.

In the instant case petitioner never was served with process or otherwise joined in the litigation in accordance with the Federal Rules of Civil Procedure. Rather, without his having been joined and served with process, the district court simply (1) by-passed the procedure for joining a new party and (2) amended the judgment rendered against petitioner's corporation to include the petitioner. The Federal Circuit Court of Appeals then placed its imprimatur on this practice. If these rulings are allowed to stand, a new practice will be established whereby parties can avoid litigating corporate veil issues on the merits by simply filing post-judgment motions for leave to amend as the respondents did in the instant case. If the decisions of the lower courts stand, the gate will be open to (1) provide a means to deprive individual shareholders of their constitutional right to defend against allegations of corporate misconduct and mismanagement and (2) disregard the well recognized rule limiting the liability of corporate shareholders for the wrongdoing of the corporation. In short, the concept of limited liability for corporate shareholders will in effect be done away with. Rule 10(a) of this Court permits this court to review an appellate decision that has "sanctioned such a departure by a lower court, as to call for an exercise of the Court's supervisory power." Because the Federal Circuit Court of Appeals sanctioned a substantial departure from well recognized principles of due process and limited liability for corporate shareholders, this court should exercise its supervisory power and review the Federal Circuit's decision in the instant case.

Petitioner submits that the correct procedure for the district court to have followed was to have granted respondents' motion for leave to amend their third party complaint. Respondents then should have been required to file their amended third party complaint, joining petitioner as a third party, and then should have been further required to serve that third party complaint on petitioner in accordance with Fed. R. Civ. P. 4. If the district court had followed that procedure, petitioner would have been afforded the opportunity to file an answer and raise defenses that he had to respondents' claim for attorneys' fees. Yet, by circumventing the usual pleading process and simply proceeding to judgment against petitioner, the district court not only deprived petitioner of the opportunity to defend on the merits (*i.e.* by presenting evidence that he did not engage in inequitable conduct) but also the opportunity to present affirmative defenses that he possessed as an individual and that were not available to, or presented by, Ohio Cellular. The district court's failure to follow this process was a substantial departure from due process which, under United States Supreme Court Rule 10, this Court has discretion to review.

B. Because the Court of Appeals' Decision Conflicts with the Decision of this Court in *Zenith Corp. v. Hazeltine*, Petitioner Is Entitled to a Writ of Certiorari.

True, petitioner was the president and sole shareholder of Ohio Cellular, and both the district court and the court of appeals found that petitioner "as president and sole shareholder of Ohio Cellular * * * could control and did control litigation decisions made on behalf of Ohio Cellular * * * ."[2] [Appendix at p. 20]. However, this rationale for including a corporation's owner in a judgment ren-

2. A finding which, as noted above, is directly refuted by the district court's order excluding petitioner from access to discovery.

dered against the corporation was expressly rejected by this Court in *Zenith*, *supra*.

The *Zenith* case involved facts that are identical to the facts in the instant case. The plaintiff, HRI, sued the defendant, Zenith, for patent infringement, and the district court assessed damages on Zenith's counterclaim against both HRI and HRI's non-party owner, Hazeltine. Zenith, in support of the judgment against the non-party, Hazeltine, argued that before trial, HRI had stipulated that Hazeltine was its "alter ego," and because of that stipulation, and Hazeltine's ability to control the litigation, it was proper for the district court to enter judgment against Hazeltine as well. This Court responded:

> HRI may have executed the stipulation to avoid litigating the alter ego issue, but this fact cannot foreclose Hazeltine, which has never had its day in court on the question of whether it and its subsidiary should be considered the same entity for the purposes of this litigation.
>
> Likewise, were it shown that Hazeltine through its officer, Dodds, in fact controlled the litigation on behalf of HRI, and if the claim were made that the judgment against HRI would be res judicata against Hazeltine because of this control, that claim itself could be finally adjudicated against Hazeltine only in a court with jurisdiction over that company.

Zenith Corp., 395 U.S. at 111.

Thus, before the district court could determine whether petitioner had such control over Ohio Cellular that attorneys' fees should be assessed against him individually as its owner, it was necessary for the court to first acquire jurisdiction over his person by means of valid service of process. Yet the Federal Circuit Court of Appeals held that the district court could make such a determination even in the absence of jurisdiction and valid service of process. As this court noted in *Zenith*, petitioner had the right to be heard upon, and defend against, the "control over litigation" issue but was deprived of that opportunity by the district court. Clearly, the court of appeals affirmed a decision that represents a substantial departure

from the precedent of this Court as established in *Zenith*. Rule 10(c) of this Court permits review of decisions on "an important federal question in a way that conflicts with relevant decisions of this Court." Because the decisions of the courts below conflict with the decision of this Court in *Zenith*, certiorari is warranted in the instant case. Thus, to insure that in future litigation, post-judgment new parties are afforded the same due process rights as the original parties, this court should grant the instant petition for certiorari.

C. Because of Conflicting Court of Appeals Decisions Regarding the Circumstances Under Which the Federal Rules of Civil Procedure Permit Post-Judgment Pleading Amendments to Include a Non-Party, Petitioner is Entitled to a Writ of Certiorari to Resolve the Conflict.

Regrettably, rather than address the due process issues, both the district court and the court of appeals focused their inquiry on the liberal amendment provisions of Fed. R. Civ. P. 15(a) and the factors to be applied in determining whether to grant leave to amend as enunciated by this Court in *Foman v. Davis*, 371 U.S. 178 (1962). As noted above, petitioner does not here dispute the district court's determination that respondents were entitled to leave to file an amended third party complaint. Rather, the issue presented to this Court, and not addressed by the district court and the court of appeals, is: once the court grants post-judgment leave to amend, how then does the litigation proceed? The district court, court of appeals and respondents have concluded, albeit erroneously, that the next step is simply to amend the judgment to include the new party as "an additional party against whom judgment is entered." To support this conclusion they relied upon the only other reported decision in which a court sustained the addition of a new party as a defendant against whom judgment is rendered, *Fromson v. Citiplate, Inc.*, 886 F. 2d 1300 (Fed. Cir. 1989).[3]

---

3. In *Kalman v. Berlyn Corp.*, 914 F. 2d 1473 (Fed. Cir. 1990), the court also sustained the extension of a judgment to include a new party joined after judgment was rendered. However, in *Kalman* the judgment

In *Fromson*, the plaintiff patent holder sued the defendant corporation for patent infringement. Approximately three months before trial, the plaintiff suspected that the defendant corporation may be insolvent. Accordingly, the plaintiff in *Fromson*, unlike the respondents in the instant case, sought, ***prior to trial***, leave to join the defendant corporation's officers as new party defendants — presumably with the intent to file and serve an amended complaint upon them to join them into the lawsuit in accordance with the due process requirements of the United States Constitution. Notwithstanding the fact that, at the time the plaintiff sought leave to amend, the defendant's officers intended to put the defendant into bankruptcy, they represented to the court that the defendant was "in sound financial condition." *Fromson*, 886 F. 2d at 1301. Based upon that representation (that turned out to be false) the district court denied the plaintiff leave to amend. Only after the plaintiff obtained a judgment against the defendant was it revealed that the "sound financial condition" assurances were in fact false. If those false statements had not been made, the officers would have been joined in the lawsuit, and unlike petitioner in the instant case, they would have had the opportunity to defend, on the merits, against their personal liability. Thus, in *Fromson*, the sole reason for the officers' lack of opportunity to defend was their having defrauded the court regarding the financial solvency of their corporation. As the court of appeals put it:

> It comes with poor grace when the [corporate officers] object on appeal that the law should not, as it often does in similar contexts, require them to continue lying in a bed of their own making.

Fromson, 886 F. 2d at 1304.

In the instant case, petitioner, unlike the corporate officers in *Fromson*, never was afforded the opportunity, ***prior to trial,*** to defend himself individually against the respondents' claim for attorneys' fees. In *Fromson*, unlike the instant case, the corporate officers forewent that opportunity when they lied to the court regarding the financial condition of their corporation. Thus, the instant case does not involve a situation as occurred in *Fromson* where petitioner, ***prior to trial,*** voluntarily relinquished his right to be heard. No question exists that the decision in *Fromson* was correct on the facts — a party's false assurances to the court should never, under any circumstances, be tolerated. Yet, the district court and the court of appeals in the instant case extended the holding in *Fromson* well beyond its original intent, and used it as a basis by which to render judgment against any new party regardless of whether or not that party has engaged in sanctionable conduct during the course of litigation as the corporate officers had done in *Fromson*.

By granting certiorari in the instant case, this Court will have the opportunity to limit *Fromson* to situations involving misconduct during litigation, a situation that the district court expressly found ***not*** to have occurred in the instant case. Otherwise, if the decision below is allowed to stand, *Fromson* will stand for principles far beyond what the Federal Rules of Civil Procedure intended with respect to the post-judgment joinder of additional parties. Accordingly, petitioner is entitled to have this Court grant certiorari in the instant case.

Finally, there is a case that stands directly opposite to the decision in *Fromson*. In *Datascope Corp. v. SMEC, Inc.*, 964 F. 2d 1043 (Fed. Cir. 1992), the court held to be improper a plaintiff's post-judgment attempt to amend its complaint to join an additional party. The court in *Datascope* distinguished *Fromson* on the basis that the new party defendants in *Fromson* did not challenge the pleading amendment itself, and the court addressed only the issue of whether, under Fed. R. Civ. P. 15(c), the amendment related back to the filing date of the original complaint. Yet, in the instant case, after previously having limited its holding in *Fromson*, the Federal Circuit Court of Appeals, by its decision below, has now resurrected and expanded it to a point beyond that permissible by the Federal

---

was ***in favor*** of the new party as opposed to the instant case and *Fromson* in which the judgment was ***against*** the new party. Thus, the issue presented in *Kalman* is different than the issue presented by the instant petition and is best left for another day.

Rules and the United States Constitution. Rule 10(a) of this Court permits certiorari where there is a "conflict of decisions." By granting the instant petition, this Court can lay to rest the internal conflict that now exists within the Federal Circuit and delineate the procedure to be followed when pleadings are amended post-judgment. Accordingly, petitioner is entitled to have this court grant his petition for certiorari.

II.

This Court Should Also Grant Certiorari to Provide Guidelines as to Who Must Pay Attorney Fees Where a Statute Provides that the District Court May Award Attorney Fees to the "Prevailing Party."

The judgment at issue in the instant case is an award of attorneys' fees that the district court rendered in favor of respondents pursuant to 35 U.S.C. § 285. That statute simply provides with respect to patent infringement litigation:

> The court in exceptional cases may award reasonable attorney fees to the prevailing party.

Although there has been much litigation regarding the issue of who is a "prevailing party" entitled to attorney fees, there is very little authority as to who is required to pay when a statute authorizes such an award. Although presumably, the "losing party" (Ohio Cellular in the instant case) must pay the award, the district court went one step further and ordered that Ohio Cellular's president and sole shareholder (who previously had been a non-party and who, to this day, remains a non-party under this Court's holding in *Zenith, supra*), also must pay the award.

In *Kentucky v. Graham*, 473 U.S. 159 (1985), this Court had the opportunity to address the "who must pay" issue under a similarly worded statute. In *Graham*, the plaintiff had successfully prosecuted a civil rights lawsuit against Kentucky state police officers. Although the state of Kentucky itself was not a party (having been dismissed from the lawsuit on Eleventh Amendment grounds), the

district court assessed attorney fees against it. The basis of the fee award was 42 U.S.C. § 1988, which provides that the district court in a civil rights action may "allow the prevailing party * * * a reasonable attorney's fee * * * ." As with the fee award statute in the instant case, although Section 1988 permitted the "prevailing party" to recover fees, it was silent as to who had to pay them. This Court noted:

> Section 1988 does not in so many words define the parties who must bear these costs. Nonetheless, it is clear that the logical place to look for recovery of fees is to the losing party, ***the party legally responsible for relief on the merits***.
>
> * * *
>
> Thus liability on the merits and responsibility for fees go hand in hand; where a defendant has not been prevailed against either because of legal immunity or on the merits, § 1988 does not authorize a fee award against that defendant.

Graham, 473 U.S. at 164-65 [emphasis added].

Under the above quoted language from *Graham*, petitioner, who was not prevailed against on the underlying merits, is not liable for attorneys' fees. However, in the instant case, the court of appeals distinguished *Graham* on the basis that the state of Kentucky, unlike petitioner in the instant case, allegedly did not engage in any misconduct (although its employee police officers most certainly did). Citing *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F. 2d 1565 (Fed. Cir. 1986), the court of appeals pointed to the fact that petitioner could be held liable as an Ohio Cellular officer who allegedly had participated in the misconduct before the PTO that formed the basis of the fee award. However, the corporate officer in *Orthokinetics*, unlike petitioner in the instant case, was a party to the proceeding, and unlike petitioner, had the opportunity to defend, on the merits, not only the fee award but also the underlying litigation.

By distinguishing *Graham* in the manner that it did, the court

of appeals ignored this Court's language that the party who has not been prevailed against on the underlying merits of the lawsuit is not subject to paying a fee award. Rule 10(c) of this Court permits certiorari where "a United States court of appeals has decided an important question of federal law that has not been, but should be, settled by this Court * * * ." By accepting this case for review, this Court will be able to resolve the unsettled "who must pay issue" and specifically identify who is responsible for paying an attorney fee award where a statute authorizes the award of fees to the "prevailing party." As previously noted by this Court, that party must be the party that loses on the merits, and not a third party that did not, as the state of Kentucky did not in *Graham*, participate on the merits. Accordingly, this court should grant the instant petition for certiorari.

CONCLUSION

For the foregoing reasons, petitioner respectfully requests that this Court grant certiorari.

Respectfully submitted,

DEBRA J. DIXON, ESQ., Counsel of Record
JAMES L. DEESE, ESQ.
700 West St. Clair Avenue
Suite 216
Cleveland, OH 44113
(216) 621-9100
Attorneys for Petitioner

APPENDICES

United States Court of Appeals for the Federal Circuit

98-1448

OHIO CELLULAR PRODUCTS CORPORATION,
Plaintiff/Third Party Plaintiff-Appellant,

and

DONALD E. NELSON,
Third Party Defendant-Appellant,

v.

ADAMS USA, INC. and APEHEAD MANUFACTURING, INC.,
Defendants/Third Party Plaintiffs-Appellees,

v.

ALL AMERICAN SPORTS CORPORATION,
Third Party Defendant.

Decided: April 26, 1999

Before NEWMAN, MICHEL, and PLAGER, Circuit Judges.

Opinion for the court filed by Circuit Judge MICHEL. Dissenting opinion filed by Circuit Judge NEWMAN.

MICHEL, Circuit Judge.

Ohio Cellular Products Corporation ("Ohio Cellular") and Donald Nelson ("Nelson")[1] appeal from the decision of the United States District Court for the Northern District of Ohio, granting Adams USA, Inc. and Apehead Manufacturing, Inc.'s ("Defen-

[1] The appellants, Ohio Cellular and Nelson, will be referred to collectively as "Nelson" except if inappropriate, because it was Nelson who was added as a party in the grant of the motion at issue on appeal.

dants"') post-judgment motion for leave to amend their third-party complaint to add Nelson in his individual capacity as a third-party defendant. See Ohio Cellular Prods. Corp. v. Adams USA, Inc., No. 3:94-CV-7251 (N.D. Ohio Mar. 25, 1998). The court further granted Defendants' motion to amend a January 20, 1998 judgment awarding attorney fees to include Nelson as an additional party. This amended judgment made Nelson individually liable to pay the judgment along with Ohio Cellular, his corporate entity, the plaintiff in this infringement suit which was dismissed after the asserted patents were held invalid. See id. Nelson is the president and sole stockholder of Ohio Cellular. The January 20, 1998 judgment awarded a specific amount as attorney fees and costs to Defendants. A September 1997 reconsideration order had retained liability for fees in this case, found exceptional on February 12, 1997, based on inequitable conduct committed during prosecution of the application by Nelson himself. After the district court granted Defendants' motion to amend on March 25, 1998, Nelson moved to alter or amend that judgment, but his motion was denied on May 18, 1998. Thereafter, this appeal was timely filed. It was submitted for our decision following oral argument on February 3, 1999. Because we conclude that under the particular circumstances of this case the district court did not abuse its discretion in adding Nelson as a third-party defendant and amending the judgment quantifying the fee award to obligate Nelson individually after post-trial proceedings were concluded, we affirm.

BACKGROUND

In May 1994, Ohio Cellular sued Defendants for infringement of U.S. Patent Nos. 5,273,702 ("the '702 patent") and 4,980,110 ("the '110 patent").[2] In October 1995, the asserted patents were

---

2 Apehead Manufacturing, Inc., an affiliate of Adams USA, Inc., was added as a party subsequent to the filing of the original complaint. All-American Sports Corp. was named as a third-party defendant in a counterclaim filed against it and Ohio Cellular by Adams USA, Inc. Only the prosecution of the '702 patent is at issue on appeal.

found invalid for anticipation under 35 U.S.C. §102(b) (1994). The infringement complaint was therefore dismissed. When Ohio Cellular appealed, we affirmed. See Ohio Cellular Prods. v. Adams. USA, Inc., 104 F.3d 376, 41 USPQ2d 1538 (Fed. Cir. 1996) (table).

After the judgment of invalidity was affirmed, on February 12, 1997 the district court granted the Defendants' motion for attorney fees and costs on the basis that the applicant had engaged in inequitable conduct. Ohio Cellular's motion for reconsideration was denied on September 25, 1997, after an evidentiary hearing was held. The district court concluded that, during the prosecution of the '702 patent, Nelson, who denied it at the evidentiary hearing on the issue, had withheld material prior art from the United States Patent and Trademark Office with the intent to deceive.[3] The judgment that Ohio Cellular committed inequitable conduct is not here disputed. After judgment on liability for fees was entered, Defendants and Ohio Cellular attempted to negotiate the amount of the attorney fees. On October 13, 1997, three weeks after the fee liability decision was confirmed, in connection with the fee negotiations, Ohio Cellular's counsel sent a letter to Defendants' counsel, stating:

> I am writing to potentially save you some time. The fact is that if the attorney fee award exceeds a very limited amount, you will not collect it because the company will be liquidated. If you wish to discuss a resolution on a nominal basis, please let me know.

(Emphasis added). The negotiations were not successful. Two weeks after the letter was sent, Defendants submitted a fee petition and bill of costs to the district court . The district court finally awarded Defendants $178,888.51 on January 20, 1998.

On February 3, 1998, two weeks after the amount of fees was

---

3 Although Nelson was a co-inventor of the '702 patent with Jim Lammy, Nelson alone was responsible for the inequitable conduct. There is no evidence before us, moreover, that the attorney who prosecuted the application was aware of the undisclosed material prior art. Instead, it appears that Nelson withheld the prior art from his attorney and thus from the Patent Office.

determined by the district court, Defendants filed the motion that is the subject of this appeal. Defendants sought to add Nelson as a third-party defendant to subject him to individual liability for fees because in light of the letter they feared that they would be unable to collect most or all of the fee award if only Ohio Cellular remained liable. Nelson, as an inventor of the '702 patent and president and sole shareholder of Ohio Cellular,[4] was intimately involved in the prosecution of the '702 patent and his conduct was the sole basis for the district court's conclusion that Ohio Cellular committed inequitable conduct. See, e.g., Ohio Cellular Prods. Corp. v. Adams USA, Inc. No. 3:94-CV-7251, slip op. at 8 (N.D. Ohio Sept. 25, 1997) ("[T]he Court finds that Donald Nelson knew [of the prior art] . . . . Nelson did not disclose that information to the PTO . . . , although he knew the information was material. The Court finds further that Nelson's conduct manifests a sufficiently culpable state of mind to warrant a determination that it resulted from an intent to mislead the PTO. ").

In its decision allowing Nelson to be added as a party, the district court determined that Nelson failed to establish undue delay or undue prejudice, either or both of which would counsel against adding him as a party after entry of the fee liability judgment. See Foman v. Davis, 371 U.S. 178, 182 (1962) (stating that leave to amend should be freely given in the absence of proof by the nonmovant of such factors as "undue delay, bad faith or dilatory motive" and "undue prejudice to the opposing party"). The district court noted its understanding that delay alone is an insufficient ground to deny a motion to amend, but that delay may become "undue" if the opposing party is prejudiced by the delay. To determine whether Nelson would suffer undue delay or prejudice if the motion were granted, the district court considered and discussed the

---

4 Nelson sold Ohio Cellular to BSN Corp. during the prosecution of the applications that issued as the '702 and '110 patents. After the patents issued, Nelson re-acquired Ohio Cellular and it exclusively licensed the '702 and '110 patents from All American Sports Corp., another third-party defendant which owned the patents.

facts of the case in view of the factors described in Fromson v. Citiplate, Inc., 886 F.2d 1300, 1303-04, 12 USPQ2d 1299, 1302 (Fed. Cir. 1989). These factors include: "(1) whether Defendants' claim against Nelson arises out of the same conduct set forth in the original pleadings; (2) whether Nelson had notice sufficient to avoid prejudice to his defense and should have known that the action could have been brought against him; and (3) whether Nelson could be personally liable because he personally participated in or directed the wrongdoing that led to the corporation's liability." Ohio Cellular, slip op. at 4 (Mar. 25, 1998) (granting motion to amend).

With respect to the first Fromson factor, the district court made the following findings:

> In this case, there is no dispute that Defendants' claim against Nelson arises out of the same conduct set forth in the original pleadings -- inequitable conduct before the PTO. Indeed, the Court's finding that the Plaintiff corporation [Ohio Cellular] had engaged in inequitable conduct before the PTO was based on a factual determination that Nelson had intentionally failed to disclose a materia[piece of prior art to the PTO. Nelson personally claimed to be the inventor of the process for which he sought and obtained the patents that were subsequently invalidated by this Court. Nelson is the president and sole shareholder of the Plaintiff corporation. The evidence is clear that Nelson was personally involved in all aspects of the Plaintiff corporation's operations, including the prosecution of the invalid patents and the filing of the instant lawsuit.

Id. Thus the district court found that the first factor weighed against finding prejudice to Nelson.

With respect to the second factor, the district court concluded that there was not "any dispute that Nelson had notice sufficient to avoid prejudice to his defense and should have known that the action could have been brought against him." Id. at 5. In coming to this conclusion, the district court stated:

> The notice requirement is satisfied if there is a sufficient "identity of interest" between the original defendant and the newly

> added defendant, so that the institution of an action against one series to provide notice of the litigation to the other. Jacobsen v. Osborne, 133 F.3d 315, 320 (5th Cir. 1998); Fromson, 886 F.2d at 1304, Hernandez Jimenez v. Calero Toledo, 604 F.2d 99, 102-03 (1st Cir. 1979). Nelson is the president and sole shareholder of the plaintiff corporation, thus, the identity of interest between the two parties is near-complete. Nelson had every reason to believe from the moment that Plaintiff corporation instituted this action that every penny the corporation spent would be a penny out of his own pocket. Further, Nelson has been actually aware of and involved in this litigation from its outset; he was the motivating force behind the institution of the lawsuit. He has diligently—even fiercely—acted to protect his interests at every stage of the proceedings.

Id. The district court therefore found that the second factor weighed against a conclusion that Nelson would be unduly prejudiced by the amendment.

As to the third factor the district court found as follows:

> Finally, Nelson was on notice that Defendants' claim could have been brought against him personally, and that he might personally be liable for the Plaintiff corporation's tortious conduct. It is well accepted that the officers of a corporation are personally liable for the corporation's torts committed in violation of the patent laws if they "personally took part in the commission of the tort or specifically directed other officers, agents or employees of the corporation to commit the tortious act." Orthokinetics, Inc. v. Safety Travel Chairs , Inc., 806 F.2d 1565, 1579 (Fed. Cir. 1986); accord Sensonics, Inc. v. Aerosonic Corp., 81 F.3d 1566, 1575 (Fed. Cir. 1996); Fromson, 886 F.2d at 1304: Water Techs. Corp. v. Calco, Ltd. , 850 F.2d 660 (Fed. Cir. 1988). In this case, Nelson was personally responsible for the tortious conduct that led to the Plaintiff corporation's liability. Therefore, he is subject to personal liability for that conduct.

Id. Thus, the district court discerned that all three factors weighed against a finding that Nelson would suffer undue prejudice if added

as a party, even though the motion to amend was filed over four months after the fee liability judgment was entered and two weeks after the amount of the fee awards was determined. Accordingly, the district court granted Defendants' motion. This appeal was then timely filed by Nelson. We have jurisdiction pursuant to 28 U.S.C. § 1295(a)(1) (1994).

DISCUSSION

The sole issue before us is whether on this record the district court abused its discretion in granting Defendants' belated motion to add Nelson as to the fee award. See Granus v. North Am. Philips Lighting Corp., 821 F.2d 1253, 1256 (6th Cir 1987) ("We review trial courts' disposition of motions to amend only for abuse of discretion . . . .").

Nelson argues for a per se rule that, because he was not held liable individually on the merits of the motion for attorney fees in the September 25, 1997 decision, he cannot be held responsible individually for paying the fee award quantified the following January. Such a "prohibition against assessing attorney fees against a non-party," Appellants' Brief at 16, he seeks to fashion from language in the Supreme Court's decision in Kentucky v. Graham, 473 U.S. 159 (1985). Graham, however, was a civil rights case where the Supreme Court held that a government employer cannot be later joined in a lawsuit and held vicariously liable for a fee award based on torts committed by governmental employees who, acting contrary to policy, deprived citizens of their constitutional rights. See id. at 167-70. The government was a stranger to the lawsuit and the acts on the basis of which it was brought and the fees awarded. Thus, Graham hardly can stand for the proposition that the individual who actually committed the wrongdoing cannot be held liable for a fee award in cases where a fee award is warranted, as Nelson does not dispute it is here. Nor can Graham lend support to the argument of Nelson that just because he was not named in the suit or the motion for fees, and for no other reason, he cannot later be liable for fees. In this case, it is undisputed on appeal that Nelson personally committed the acts of inequitable conduct which were

the basis for the fee award, and provided testimony regarding those acts as a witness at an evidentiary hearing. Moreover, as sole shareholder and president Nelson could control the litigation and indeed was found to have personally supervised it, including the inequitable conduct hearing. In Graham, by sharp contrast, the government itself did not commit or condone any wrongdoing, yet the plaintiffs sought the recovery of fees from it. The heart of the issue in Graham was whether the government could be held vicariously liable for fees awarded on the basis of acts of its individual employees when they are acting outside the scope of their lawful duties—an issue most definitely not present here.

Here, the district court awarded attorney fees pursuant to 35 U.S.C. § 285 (1994), which provides for a discretionary award of fees in a patent infringement case found to be "exceptional." It is settled that a case may be found exceptional when the patent applicant has committed inequitable conduct. See Amsted Indus., Inc. v. Buckeye Steel Castings, Co., 23 F.3d 374, 376, 30 USPQ2d 1470, 1472 (Fed. Cir. 1994) ("Among the types of conduct which can form a basis for finding a case exceptional are . . . inequitable conduct before the P.T.O. . . .") (citation omitted). Because Nelson does not here contest the holding of inequitable conduct, which the district court relied on as the sole basis for finding the case exceptional and thus for awarding attorney fees, the only remaining issue is whether Nelson was property added as a third-party defendant and made personally liable for the February 12, 1997 fee judgment, upheld on reconsideration on September 25, 1997, quantified on January 20, 1998.

Rather than being governed by Graham, this case falls into a broad category in which one party seeks to amend its complaint to add an additional party pursuant to Rule 15. See Fed. R. Civ. P. 15(a) (stating that leave to amend should be freely granted). Although here we are presented with the uncommon situation where an individual is sought to be added as a party after entry of judgment, here of liability for an award of fees, the district court properly concluded that it may grant such leave to amend, given appropriate circumstances. See Ohio Cellular, slip op. at 3 (Mar. 25, 1998)

(citing Fromson v. Citiplate, Inc., 886 F.2d 1300, 12 USPQ2d 1299 (Fed. Cir. 1989), and Kalman v. Berlyn Corp., 914 F.2d 1473, 16 USPQ2d 1093 (Fed. Cir 1990)). It concluded that such circumstances were present here. We agree.

In Foman v. Davis, 371 U.S 178 (1962), the Supreme Court addressed the relevant considerations involved in deciding motions to amend pursuant to Rule 15:

> In the absence of any apparent or declared reason--such as undue delay, bad faith or dilatory motive on the part of the movant, repeated failure to cure deficiencies by amendments previously allowed, undue prejudice to the opposing party by virtue of allowance of the amendment, futility of amendment, etc.-- the leave sought should, as the rules require, be 'freely given.'

Id. at 182. Under subsequent Sixth Circuit case law, which governs this case, "[n]otice and substantial prejudice to the opposing party are critical factors in determining whether an amendment should be granted." Head v. Jellico Hous. Auth., 870 F.2d 1117, 1123 (6th Cir. 1989) (citations omitted). Although "undue delay" is a proper consideration under Foman, "delay by itself is not sufficient to deny a motion to amend." General Elec. Co. v. Sargent & Lundy, 916 F.2d 1119, 1130 (6th Cir. 1990).[5]

---

[5] Although Foman and other cases refer to undue prejudice, which implies a lack of notice to the party sought to be added, the cases do not separately address due process as a bar to amendment, presumably because due process requirements are met if the requirements of Rule 15 are met and no undue prejudice is shown. See, e.g., Foman, 371 U.S. at 182 (no explicit reference to or analysis of due process considerations); General Elec., 916 F.2d at 1130 (concluding that no undue prejudice was shown where "General Electric simply does not argue that it would have done anything differently had the defense been presented [earlier]," without addressing due process explicitly); Fromson, 886 F.2d at 1304, 12 USPQ2d at 1302 (finding that individuals had notice because they "should have known all along" that they could be added as parties, without addressing due process explicitly).

The district court properly focused its inquiry on whether Nelson would be unduly prejudiced if Defendants' post-judgment motion to amend pursuant to Rule 15 were granted, measured, as the district court did, according to the factors discussed in Fromson.[6] After analyzing these Fromson factors, the district court concluded that Nelson would not suffer undue prejudice if added as a party because, inter alia: (1) Defendants' fee claim against Nelson arose out of the very same inequitable conduct attributed to Nelson himself as set forth in the original pleadings; (2) Nelson was not prejudiced by a lack of notice due to his identity of interest with Ohio Cellular as its president, sole shareholder, effective controller of the litigation, inventor of the invention that was the subject matter of the '702 patent, co-applicant, and as a witness at the hearing on inequitable conduct; and (3) Nelson must be deemed on notice that the fee award claim could have been brought against him personally because, in his capacity as corporate president, he himself committed the inequitable conduct that became the basis for the fee award and totally controlled the corporation that was the original party, as well as the litigation over this very issue.

---

6 It is important to note that Defendants were not required to "pierce the corporate veil" in order to add Nelson as a party. "In general, a corporate officer is personally liable for his tortious acts, just as any individual may be liable for a civil wrong. This general rule 'does not depend on the same grounds as piercing the corporate veil,' . . . ." Hoover Group, Inc. v. Custom Metalcraft, Inc., 84 F.3d 1408, 1411, 38 USPQ2d 1860, 1861-62 (Fed. Cir. 1996) (citations omitted); see also Orthokinetics, Inc. v. Safety Travel Chairs, Inc., 806 F2d 1565, 1579, 1 USPQ2d 1081, 1090 (Fed. Cir. 1986) ("[O]fficers of a corporation are personally liable for tortious conduct of the corporation if they personally took part in the commission of the tort. . . . "). However, the fact that piercing the corporate veil is not required does not render Nelson's status as president and sole shareholder any less relevant for purposes of determining whether the motion to amend should have been granted. See Fromson, 886 F.2d at 1304, 12 USPQ2d at 1303-04 (relying on the individuals' status as officers of the corporation in allowing amendment pursuant to Rule 15 without any discussion of piercing the corporate veil).

Considering all the circumstances of record here, we discern no abuse of discretion in the district court's grant of Defendants' motion to amend and no clear error in the district court's factual findings. Our review of its application of the Fromson factors shows they were duly determined and adequately support the district court's exercise of its discretion.[7] First, there is no dispute that the conduct before the Patent Office giving rise to the claim for attorney fees is indeed the very same conduct that forms the basis for naming Nelson as a third-party defendant and for holding him personally liable for attorney fees: his own acts of inequitable conduct. Second, Nelson had timely and sufficient notice to avoid prejudice to his defense because Ohio Cellular had a nearly identical interest in the litigation over liability for fees as Nelson, due to his role as its president and sole shareholder and the patent applicant and a witness on inequitable conduct. Indeed, as president and sole shareholder of Ohio Cellular Nelson could control and did control litigation decisions made on behalf of Ohio Cellular, including decisions made during the litigation of both the motion for attorney fees and the later motion that quantified the fee award. Finally, as the person solely responsible for the inequitable conduct and as a president and sole shareholder of Ohio Cellular, Nelson should have known he could

---

7 Indeed, the facts here are similar to those in Fromson, where Fromson sought to amend his complaint against a corporation after trial by adding two individuals and to hold them personally liable for attorney fees awarded to Fromson previously. Fromson sought to add the individuals because he belatedly learned of reason to fear that Citiplate, a corporation and the sole original defendant, was no longer solvent. The individuals in question were senior corporate officials of Citiplate, who together owned fifty percent of the company and held the most important offices in the company. The district court in Fromson granted the motion to amend, basing its decision on application to the facts there of the same factors applied by the district court here. See Fromson v. Citiplate, Inc., 10 USPQ2d 1785, 1786-87, aff'd, 886 F.2d 1300, 12 USQP2d 1299 (Fed. Cir. 1989). We affirmed there; we must likewise do so here. In fact, this case is even clearer because Nelson owned one hundred percent of the shares and held the very top position in the corporation.

be held personally liable. See Hughes v. Novi Am., Inc., 724 F.2d 122, 125-26, 220 USPQ 707, 710 (Fed. Cir. 1984) (holding the inventor, former president and majority shareholder of assignee of patents liable for attorney fees for his own inequitable conduct); Fletcher Cyclopedia of the Law of Private Corporations § 1143 (1994) ("A corporate officer or agent who commits fraud is personally liable to a person injured by the fraud. In other words, an officer of a corporation, actively participating in the fraud practiced by it, cannot escape personal liability on the ground the officer was acting for the corporation. . . . The corporation also may be liable, but the individual is not thereby relieved of his or her own responsibility." (emphasis added)).

Nelson may also be fairly associated with the October 13 letter, which threatened to nullify the district court's September 25 fee liability judgment by liquidating the corporation to frustrate payment of the fee judgment. That letter, sent to Defendants' counsel three weeks after the fee liability decision was confirmed on reconsideration, stated :

> I am writing to potentially save you some time. The fact is that if the attorney fee award exceeds a very limited amount, you will not collect it because the company will be liquidated. If you wish to discuss a resolution on a nominal basis please let me know.

(Emphasis added). Although the letter was signed by Ohio Cellular's counsel, the corporation could hardly be liquidated without the consent and participation of its sole shareholder and president, Nelson. See Ohio Cellular Prods. Corp. v. Adams USA, Inc., No. 3:94-CV-7251, slip op. at 2 (N.D. Ohio May 18, 1998) ("In connection with the fee negotiations, Nelson informed Defendants that he would liquidate [Ohio Cellular] to avoid paying anything more than a nominal amount of attorney fees." (emphasis added)). At the very least Nelson must have known about the letter and could have rescinded it. Nelson does not argue that Defendants should have known of the potential liquidation of Ohio Cellular before receiving the letter. And once the letter was received by Defendants, they acted promptly

(within two weeks) to obtain a quantification of the amount of fees owed. Defendants also acted promptly (within two weeks) to move to add Nelson once the fees were quantified . Thus, allowing amendment appears particularly excusable and non-prejudicial here, where Defendants were made aware of the threatened liquidation only when they received the October letter (after a judgment on liability for attorney fees had already been entered) and acted promptly to seek to add Nelson once the amount was determined.

Were we simply to reapply those same Fromson factors to the duly established and largely undisputed facts in this case we might conclude that the grant of the motion to amend the complaint and the fee judgment was proper. Thus, we might affirm even if our review were de novo.

Our review, however, is not de novo, but rather under the highly deferential standard of abuse of discretion. Most certainly the district court did not abuse its discretion. Nor were its underlying findings of no undue delay or prejudice clearly erroneous. See Datascope Corp. v. SMEC, Inc., 962 F.2d 1043, 1046, 22 USPQ2d 1573, 1576 (Fed. Cir. 1992) ("The district court's finding of undue delay is not clearly erroneous."). [8] Based on these irreversible findings, we hold the district court acted within its discretion in allowing amendment. Its reasoning, moreover, was set forth clearly and convincingly in a

---

[8] This case is indeed "similar on its facts" to Datascope, but key differences do exist. In that case, Datascope sought to add Peter Schiff as a party to the action after trial when it believed SMEC, Inc. would not be able to pay all the damages owed. In Datascope, in contrast to this case, however, Schiff was not personally involved in inequitable conduct; Nelson was. Further, the court in Datascope relied heavily on the fact that "Datascope must have known from the outset of this litigation that if it prevailed and recovered damages for lost profits, the judgment would far exceed the amount that SMEC appeared able to pay," in concluding that Datascope's delay in seeking to amend the complaint was indeed "undue." Id. at 1046, 22 USPQ2d at 1576. Here, however, Defendants became aware of Ohio Cellular's refusal to pay only when Ohio Cellular's counsel sent a letter, after judgment on liability for attorney fees, indicating

well-written opinion which it reconsidered on motion, but declined to change.

In contrast to the government in Graham, Nelson hardly was a stranger to this case. He testified at the hearing on the inequitable conduct issue and his own conduct and his alone was proven by clear and convincing evidence to be inequitable. This issue was fully litigated with both his personal testimony and active participation generally in this very litigation. As the district court found, without clear error:

> Nelson had every reason to believe from the moment that Plaintiff corporation instituted this action that every penny the corporation spent would be a penny out of his own pocket. Further, Nelson has been actually aware of and involved in this litigation from its outset; he was the motivating force behind the institution of the lawsuit. He has diligently--even fiercely--acted to protect his interests at every stage of the proceedings.

Ohio Cellular, slip op. at 4 (Mar. 25, 1998) (emphasis added). Thus, no basis has been advanced to believe anything different or additional would have been done to defend against the allegation of inequitable conduct had Nelson individually already been added as a party or had he been a party from the outset. Not only did Ohio Cellular have the same incentive to defend against the charge, but the defense was in fact as comprehensive as possible. Thus, no prejudice has been shown by Nelson, much less "undue" prejudice.

Under these particular circumstances, the fact his name was not already in the caption of the case was little more than a pleading formality, for it did not prejudice him. Moreover, it was prompted entirely by the threatening letter of October, of which Nelson was

---

that Defendants "will not collect [the fee award] because [Ohio Cellular] will be liquidated." Finally, the affirmance on appeal in Datascope can be attributed in part to the deferential "abuse of discretion" review of the denial of a motion to amend. Here, however, we review the district court's grant of a motion to amend under an abuse of discretion standard.

surely aware.

CONCLUSION

Because the district court did not abuse its discretion in granting Defendants' post-judgment motion to amend their complaint and the fee judgment to include Nelson as an additional party against whom that judgment is collectable, the district court's decision is

AFFIRMED.

United States Court of Appeals for the Federal Circuit

98-1448

OHIO CELLULAR PRODUCTS CORPORATION,
Plaintiff/Third Party Plaintiff-Appellant,

v.

DONALD E. NELSON,
Third Party Defendant-Appellant,

v.

ADAMS USA, INC. and APEHEAD MANUFACTURING, INC.,
Defendants/Third Party Plaintiffs-Appellees,

v.

ALL AMERICAN SPORTS CORPORATION,
Third Party Defendant.

NEWMAN, Circuit Judge, dissenting.

By judgment entered February 12, 1997 the district court found that Ohio Cellular Products Corporation had committed inequitable conduct in its prosecution of the patents in suit, and awarded attorney fees and costs in favor of the defendants Adams USA and Apehead Manufacturing (together "Adams USA"). The district court entered judgment for fees and costs against Ohio Cellular on January 20, 1998, in the amount of $178,888.51. On February 3, 1998 Adams USA moved to amend retrospectively its third-party complaint against All American Sports Corporation to add Mr. Donald E. Nelson as a third-party defendant and to include him in the judgment for attorney fees and costs. On March 25, 1998 the court granted the motion, and entered judgment against Mr. Nelson personally as "an additional party."

This was an unusual procedure, indeed unprecedented. Absent rare and special circumstances, personal liability can not be im-

posed on a non-party by the simple expedient of amending a complaint to make him a party after the case has been tried, decided and judgment rendered—indeed, one year after judgment was rendered. Mr. Nelson was not a party when the issues were litigated, and no amendment to any complaint, or any other proposal to add him as a party, was made during any part of the action, even though he was present and testified as a witness. His personal liability was never litigated, and "piercing the corporate veil" has been explicitly disclaimed as a ground for charging Mr. Nelson with personal liability. Mr. Nelson had no opportunity to contest the issue of his personal liability for inequitable conduct as an inventor. Thus I must, respectfully, dissent from my colleagues' ratification of this breach of due and fair process.

DISCUSSION

The Federal Rules favor liberal amendment of complaints and liberal joinder of parties, in order to facilitate bringing before the court all issues and all parties concerned with the issues. These notice-pleading procedures are designed to protect due process, not to avoid it. The Rules do not support joinder of Mr. Nelson and imposition of personal liability against him, after the litigation against Ohio Cellular was over and judgment was entered against Ohio Cellular.

During the litigation Adams USA presented no claim against Mr. Nelson personally. Adams USA does not dispute that it had multiple opportunities to charge and to join Mr. Nelson prior to the final judgment. When Adams USA filed a third-party complaint against All American Sports, Mr. Nelson's personal liability was not suggested. After the judgment against Ohio Cellular, Mr. Nelson's personal liability was not suggested. After the reconsideration hearing, at which Mr. Nelson testified, his personal liability was not suggested. After the October letter from Ohio Cellular's counsel, of which the panel majority makes much, Mr. Nelson was not mentioned or brought into the action. Judgment as to attorney fees was entered on January 20, 1998, one year after the judgment holding Ohio Cellular liable for inequitable conduct. Only thereaf-

ter did Adams USA move to amend the complaint under Rule 15.[1]

The district court, upon granting the motion, did not hold an evidentiary hearing, although the panel majority repeatedly refers to Mr. Nelson's participation as a witness. When pressed at oral argument, Adams USA offered no reason for its failure to join Mr. Nelson as a party.[2] However, there must be such a reason, as Professor Moore explains:

> [A] plaintiff must allege a reason for the mistake in order to substitute one legal entity for another when the plaintiff knew of the existence of the second entity at the time the original complaint was filed. In order to sue a corporate officer individually, the plaintiff also must allege a reason for mistake in not identifying the officer in the first place.

MOORE'S FEDERAL PRACTICE §15.19[3][d] at 15-91 (Rel. Mar. 1997).

---

1 Adams USA never filed a post-judgment motion under Rule 59 seeking to alter or reopen the judgment. However, after entry of judgment, "the court lacks power to rule on a motion to amend unless the party seeking leave obtains relief under Rule 59(e) or 60(b)." 3 MOORE'S FEDERAL PRACTICE §15.12[2] at 15-21 (Rel. Mar. 1997). A motion to alter judgment must be served no later than 10 days after a judgment is entered, see Fed. R. Civ. P. 59(e); perhaps this explains why Adams USA did not file such a motion.

2 The transcript includes the following exchange:

Judge Plager: . . . Why did you not name Nelson in the original suit? That would have been the logical time to have named him as a defendant.

Adams USA Counsel: Indeed, your Honor, that probably would have been the easiest time to do it. But what the court found was that there was no prejudice to Mr. Nelson's naming later and in fact --

Judge Michel: That's not responsive to the question. The question is why didn't you name him earlier.

Adams USA Counsel: Your Honor, I don't know why there was a particular decision to name him or not to name him earlier. That was not in the record. . . .

Adams USA failed to explain why it did not join Mr. Nelson prior to entry of judgment against Ohio Cellular, and failed to explain its four month delay following the October 1997 letter referring to Ohio Cellular's financial situation. Rather than squarely addressing the issue of undue delay and undue prejudice to Mr. Nelson, the panel majority now finds for itself the fact that Adams USA "acted promptly" to add Mr. Nelson, ignoring the district court's finding that Adams USA "could have moved to amend their complaint long before entry of final judgment."

The fundamentals of due process are notice and the opportunity to defend against the noticed liability. See Saalfrank v. O'Daniel, 533 F 2d 325, 330 (6th Cir. 1976) (a post-judgment amendment to realign parties "may only be done if all parties have notice of the issues being tried and no prejudice will result"). Omitting the person to be charged until after judgment has been entered can not circumvent these fundamental principles. Although my colleagues now argue and find Mr. Nelson's culpability as an inventor and as corporate principal, his personal liability as an inventor was never placed at issue and was not litigated. The majority opinion states that Mr. Nelson was "solely responsible" for the inequitable conduct. There was no such finding. There was no adjudication against Mr. Nelson. The judgment was entered against Ohio Cellular alone.[3]

Although the panel majority now finds that "the fee award claim could have been brought against [Mr. Nelson] personally," the claim was not so brought. Had it been brought, he could have defended against personal liability. While the majority also finds that there is "no basis . . . to believe" that Mr. Nelson could have avoided personal liability had he been joined as a defendant before judgment was rendered, Mr. Nelson was not so joined. The law, at its most fundamental, does not render judgment simply because a person

---

3 The district court's Memorandum Opinion states, "the Court finds that Plaintiff's [Ohio Cellular's] conduct before the PTO was inequitable." Slip op. at 16. The Memorandum Opinion Denying Reconsideration states, "Plaintiff [Ohio Cellular] is guilty of inequitable conduct." Slip op. at 8.

might have been found liable had he been charged.

The panel majority states that Mr. Nelson's personal culpability was "undisputed." However, testifying as a witness, Mr. Nelson did dispute that he intended to deceive and that he deliberately withheld the Marc reference. The issue of inequitable conduct, although decided adversely to Ohio Cellular, was not based on undisputed facts or admissions. The majority's findings of personal liability do not derive from litigation in which Mr. Nelson had the opportunity to defend his personal liability.[4]

Adams USA explicitly states that its claim is not based on "piercing the corporate veil." It is hornbook law that Mr. Nelson and Ohio Cellular are different legal entities. See W. FLETCHER, 1 FLETCHER CYCLOPEDIA OF THE LAW OF PRIVATE CORPORATIONS §41.35 (1986 & Supp. 1998) ("the mere fact that all or almost all of the corporate stock is owned by one individual or a few individuals will not afford sufficient grounds for disregarding corporateness"); cf. Zenith Radio Corp. v. Hazeltine Research, Inc., 395 U.S. 100, 108-13, 161 USPQ 577, 580-82 (1969) (it was error to impose the judgment against a parent corporation, which was fully cognizant of the action against its subsidiary, since the judgment was not rendered in a proceeding to which the parent was a party). Adams USA refused to raise "piercing the corporate veil" as an issue on this appeal, and disclaimed any reliance on a theory of corporate officer liability, perhaps because it recognized, correctly, that there must be timely notice of such reliance. See MOORE'S FEDERAL PRACTICE, supra (there must be a reason for the tardy joinder of a corporate principal).

Despite the repeated remonstrance by Adams USA that it is not pursuing Mr. Nelson in his role as corporate principal, the panel majority adverts to this relationship, even as it states that Adams

---

4 The panel majority states that the "defense was in fact as comprehensive as possible." The comprehensiveness of Ohio Cellular's defense of the charge of inequitable conduct is not before us on this appeal; Ohio Cellular did not appeal its liability.

USA was not required to pierce the corporate veil in order to impose liability upon Mr. Nelson in view of his corporate role. The cases relied upon by the panel majority do not support its ruling. In Orthokinetics the officers of the corporation were named as defendants at the outset of the litigation. See Orthokinetics ("Orthokinetics sued STC [corporation], Entron [corporation], Pivacek [stockholder and officer], Chipman [stockholder and officer], and Cole [stockholder and officer]"). In Hoover Group the chief executive officer and principal owner was named as a defendant in an amended complaint filed after the district court had reached its decision that the corporation infringed; although the district court allowed the amendment and held the officer personally liable for inducing the corporation's patent infringement, the Federal Circuit reversed. These cases do not support imposition of personal liability upon Mr. Nelson after final judgment was entered solely against Ohio Cellular.

Mr. Nelson never was given notice of the intention to charge him with personal liability, either as inventor or as president and owner of Ohio Cellular. If the corporate entity is to be disregarded for purposes of imposing personal liability, there must be some notice thereof. This is illustrated by the case on which the panel majority places its greatest reliance, Fromson v. Citiplate, Inc., 886 F.2d 1300, 12 USPQ2d 1299 (Fed. Cir. 1989), wherein a motion to add the corporate owners and impose the judgment against them was granted after trial. Both the district court and the Federal Circuit stressed that a motion to add these persons had been made before trial, and had been denied upon the corporate owners' representations, later found to be false, of corporate solvency. Id. at 1304, 12 USPQ2d at 1303 ("the Cusumanos were directly notified by Fromson's pretrial motion that Fromson considered them proper parties-defendant. [The Cusumanos] resisted that motion on the basis of false assurances that [the corporation] was solvent.") The court granted the renewed motion to impose liability on the corporate owners. Thus the majority inaptly relies on Fromson, for there was a pretrial motion to add the owners, and the Federal Circuit carefully applied the safeguards that are now discarded.

The majority also cites the case of Kalman v. Berlyn Corp., 914 F.2d 1473, 16 USPQ2d 1093 (Fed. Cir. 1990), wherein the plaintiff sought to amend the complaint in order to add, as another plaintiff, a related company that was also licensed under the patent; this court held that the amendment should have been permitted. These quite different facts do not support the result herein, as was discussed in Datascope Corp. v. SMEC, Inc., 962 F.2d 1043, 22 USPQ2d 1573 (Fed. Cir. 1992), a case factually closest to the case now before us. In Datascope the Federal Circuit reached a conclusion directly contrary to that reached herein, for in Datascope the district court refused to permit amendment of the complaint after final judgment to add as a party the company's president and principal stockholder, on grounds of undue delay and undue prejudice. The Federal Circuit sustained the district court's ruling that:

> Datascope's failure to add Schiff earlier has operated undue prejudice on Schiff. Schiff has not had, and will not have, an opportunity to contest the claim which Datascope proposes to assert against him individually, as no claim was made at any time during the protracted the of this lawsuit. Datascope's contention that trying SMEC was tantamount to trying Schiff is not valid.

Id. at 1044, 22 USPQ2d at 1575. This precedent can not now be ignored, it binds this panel to the law as there applied.

In Foman v. Davis, 371 U.S. 178 (1982) the Court referred to "undue delay" and "undue prejudice" as grounds for refusing amendment to a complaint. It is hard to imagine greater prejudice than imposing personal liability without affording an opportunity to defend one's person. Adams USA states that its claim against Mr. Nelson is as a "joint tortfeasor" based on his role as an inventor. However, he was not sued as a tortfeasor, and the judgment of inequitable conduct was rendered solely against Ohio Cellular. Had Mr. Nelson been personally charged in tort, he could have defended against liability in tort.

The panel majority repeatedly refers to the October 1997 letter from Ohio Cellular's counsel which advised Adams USA that Ohio

Cellular was in financial straits. The majority finds that the letter is "fairly associated" with Mr. Nelson, and that "[a]t the very least, Nelson must have known about the letter and could have rescinded it." However, a communication from a plaintiff corporation does not support retroactive liability of a corporate officer, even upon the panel majority's factual finding that Mr. Nelson "must have known" about the letter.

The panel majority several times qualifies its unusual holding as applying to the "particular circumstances of this case." However, the imposition of personal liability on the inventor, after all proceedings have ended, undoubtedly will breed a new "plague" of inequitable conduct litigation, and further move patent cases from the mainstream of not only substantive law but also procedural law. This is not a matter of judicial "discretion." The judicial obligation is to preserve the processes of justice.

United States Court of Appeals for the Federal Circuit

ORDER

A combined petition for rehearing and suggestion for rehearing in banc having been filed by the APPELLANT, DONALD E. NELSON, and the petition for rehearing having been referred to the panel that heard the appeal, and thereafter the suggestion for rehearing in banc having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the suggestion for rehearing in banc be, and the same hereby is, DECLINED.

The mandate of the court will issue on June 10, 1999.

FOR THE COURT,

/s/ Jan Horbaly
Clerk

Dated: June 3, 1999

cc: ERNEST R. BAZZANA
JACK A. WHEAT

OHIO CELLULAR V ADAMS USA, 98-1448
(DCT - 94-CV-7251)

* Note: Pursuant to Fed Cir. R. 47.6, this order is not citable as precedent. It is a public record.

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION

(Dated February 12, 1997)

OHIO CELLULAR PRODUCTS CORPORATION,

Plaintiff,

Case No. 3:94 CV 7251

-vs-

JUDGMENT ENTRY

ADAMS USA, INC., *et al.*,

Defendants.

KATZ, J.

For the reasons stated in the Memorandum Opinion filed contemporaneously with this Judgment Entry, IT IS HEREBY ORDERED, ADJUDGED and DECREED that Defendant's motion for attorney fees (Doc. No. 73) is granted, Defendants' bills of costs (Doc. Nos. 74 & 95) are granted in the amount of $2,672.24, and Plaintiff's motion to strike (Doc. No. 88) is denied.

IT IS SO ORDERED.

/s/ DAVID A. KATZ
UNITED STATES DISTRICT JUDGE

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION

(Dated February 12, 1997)

OHIO CELLULAR PRODUCTS CORPORATION,

Plaintiff,

Case No. 3:94 CV 7251

-vs-

MEMORANDUM OPINION

ADAMS USA, INC., *et al.*,

Defendants.

KATZ, J.

This matter is before the Court on Defendants' Motion for Attorney Fees, Defendants' Bills of Costs, and Plaintiff's motion to strike Defendants' reply memorandum in support of their motion for attorney fees. For the following reasons, Defendants' motion for attorney fees will be granted. Defendants will be granted costs in the amount of $2,672.24, and Plaintiff's motion to strike will be denied.

I. BACKGROUND

Plaintiff brought this patent infringement action against Defendants on May 19, 1994. In a judgment rendered on October 11, 1995, this Court found that the patents Plaintiff sought to enforce against Defendants were invalid, and granted Defendants' motion for summary judgment. That finding was subsequently affirmed by the Court of Appeals for the Federal Circuit.

Defendants have submitted a bill of costs in the amount of $4,199.80 and a supplemental bill of costs in the amount of $103.24. They have moved for attorney fees which they estimate will exceed $125,000.00 on the dual grounds that Plaintiff engaged in inequitable conduct before the Patent and Trademark Office ("PTO"), and

that Plaintiff engaged in vexatious and/or unjustified litigation. Plaintiff has filed opposition to the bills of costs and to the motion for attorney fees, and has moved to strike Defendants' reply to its opposition to Defendant's motion for attorney fees.

The Court addressed the parties' arguments below.

II. BILL OF COSTS

Defendants have submitted Bills of Costs in the following amounts:

Fees for service of summons and subpoenas	$ 120.00
Fees for court reporter	$ 2,389.00
Fees for witnesses	$ 40.00
Fees for photocopying	$ 1,630.80
Docket fees	$ 20.00
Total:	$ 4,199.80
Costs as shown on Mandate of Court of Appeals	$ 103.24

Plaintiff objects to two of the above items: the fees for court reporters and the fees for photocopying.

A. Court Reporter Fees

Plaintiff objects to the inclusion of all fees for the transcription of depositions that were not actually submitted to the Court in connection with any of the claims on which Defendants' motion for summary judgment was based. The Court is authorized to tax as costs the "[f]ees of the court reporter for all or any part of the stenographic transcript necessarily obtained for use in the case." 28 U.S.C.§ 1920(2). The Sixth Circuit follows the majority rule in construing this rule to permit the prevailing party to recover the costs of "taking and transcribing depositions reasonably necessary for the litigation. . . Necessity is determined as of the time of taking." *Sales v. Marshall*, 873 F.2d 115,120 (6th Cir. 1989).

Defendants' expenditures for deposition transcription fees break down as follows:

Deposition of Plaintiff's Agent	$1,032.80
Deposition of Third-Party Defendant's Agent	$ 271.80
Depositions of Nonparties Lammy & Pleiness	$ 572.40
Copies of Depositions taken by Plaintiff of Defendants' Agents	$ 512.00
Total:	$2,389.00

The Court finds that it was reasonable for Defendants to depose the agents of the opposing parties in this case, and those expenses are approved. Plaintiff does not object to the costs for the depositions of Lammy and Pleiness, and those expenses are approved. The general rule is that a prevailing party is entitled to have the cost of purchasing a copy of its own deposition taxed as costs, as long as such purchase is reasonably necessary for the litigation, *Deaton v. Dreis & Krump Mfg. Co.*, 134 F.R.D. 219 (N.D. Ohio 1991) (citing 10 Wright, Miller & Kane, Federal Practice & Procedure § 2676, at 339-41 (1983)), and those expenses are approved. The Court approves the $2,389.00 in court reporting fees in its entirety.

B. Photocopying Fees

Defendants have requested $1,630.80 in photocopying fees. Plaintiff objects to the inclusion of all photocopying fees on the ground that no itemization or documentation has been supplied upon which to justify that claim. Defendants respond that the $1,630.80 represents the cost incurred in making 8,154 copies, and that counsel's files pertaining to this case take up eighteen inches of space, plus two and a half "banker's boxes," but they provide no documentation of the purpose or content of the 8,154 copies.

While a prevailing party need not identify every photocopy made for use in the course of legal proceedings, the amount sought must be documented in a way that permits the Court meaningfully to evaluate that party's fee request. *United States v. Briggs*, 920 F.2d 287 (5th Cir. 1991); *Yaris v. Special School Dist.*, 604 F. Supp. 914, 915 (E.D. Mo. 1985). Unsubstantiated claims that the copies were necessary are insufficient to permit recovery; at the very least,

Defendants must provide an explanation of what types of documents were copied, who was in possession of the originals, the purpose for which the documents were copied, and why the copies were necessary to the litigation. *Grady v. Bunzl Packaging Supply Co.*, 161 F.R.D. 477, 479 (N.D. Ga. 1995). This Defendants have failed to do. Therefore, the photocopying expenses are disallowed.

C. Summary

Defendants are entitled to the following costs:

Fees for service of summons and subpoenas	$ 120.00
Fees for court reporter	$2,389.00
Fees for witnesses	$ 40.00
Docket fees	$ 20.00
Costs as shown on Mandate of Court of Appeals	$ 103.24
Total:	$ 2,672.24

III. MOTION FOR ATTORNEY FEES AND MOTION TO STRIKE

Plaintiffs have moved for attorney fees on two grounds. First, they allege that plaintiff engaged in inequitable conduct before the PTO. Second, they allege that Plaintiff engaged in vexatious, unjustified litigation in the prosecution of this case. Plaintiff has moved to strike Defendants' reply to its opposition to Defendants' motion for attorney fees.

A. Motion to Strike

The Court first addresses Plaintiff's motion to strike. Plaintiff has moved to strike Defendants' reply brief on the ground that it is of improper scope, redundant, and unnecessary. Defendants respond that their brief addresses arguments made for the first time in Plaintiff's opposition to their motion for attorney fees, and is proper in scope.

The Court may order stricken from any pleading any "redundant, immaterial, impertinent, or scandalous matter." Fed. R. Civ.

P. 12(f). The purpose of a motion to strike "is to avoid the expenditure of time and money that must arise from litigating spurious issues by dispensing with those issues prior to trial." *Kennedy v. City of Cleveland*, 797 F.2d 297, 305 (6th Cir. 1986) (*quoting Sidney-Vinstein v. A.H. Robins Co.*, 697 F.2d 880, 885 (9th Cir. 1983)). Motions to strike under Rule 12(f) are generally disfavored, and are granted only if the claim pressed both is insufficient as a matter of law and prejudices the party against whom the claim is brought. *Tucker v. A&P Food Stores*, 9 F.R.D. 607 (N.D. Ohio 1949); *Moore v. C.A. Olsen Mfg. Co.*, 7 F.R.D. 269 (N.D. Ohio 1944). Matter will generally not be stricken unless the movant demonstrates that it can have no possible bearing on the subject matter of the litigation. 2A James W. Moore, Federal Practice ¶ 12.21[2] (2d ed. 1995).

Plaintiff's motion to strike is not well taken. First, a motion to strike is not appropriate with regard to motions, affidavits, or any matter other than that contained in the actual pleadings. Id. ¶ 12.21[1]. Second, even if Defendants' reply were subject to a motion to strike, the arguments contained in that reply are not "redundant, immaterial, impertinent, or scandalous matter" that can have no possible bearing on the subject matter of the litigation. The reply brief here at issue contains no more repetition of Defendants' earlier arguments than is common to reply briefs generally, and it addresses issues pertinent to the motion. Therefore. Plaintiff's motion to strike is denied.

B. Motion for Attorney Fees

1. Attorney Fees in Patent Litigation

The District Court is empowered, in exceptional cases, to award reasonable attorney fees to the prevailing party in a patent case. 35 U.S.C. § 285. In deciding a motion for attorney fees in a patent case, the Court engages in a two-step analysis. *J.P. Stevens Co., v. Lex Tex Ltd.*, 822 F.2d 1047, 1050 (Fed. Cir. 1987). First, the Court must determine whether there are exceptional circumstances, such as inequitable conduct during the prosecution of a patent, misconduct during litigation, vexatious or unjustified litigation, or a frivolous suit. *Bayer Aktiengesellschaft v. Duphar Int'l Research B.V.*,

738 F.2d 1237, 1242 (Fed. Cir. 1984). Second, if exceptional circumstances are found, the Court must determine whether those circumstances justify an award of attorney fees. Such an award is justified only where the losing party has acted in such bad faith that it would be grossly unjust for the prevailing party to bear the burden of its own attorney fees. *Rohm & Haas Co. v. Crystal Chem. Co.*, 736 F.2d 688, 691 (Fed Cir. 1984).

2. Inequitable Conduct Before the Patent and Trademark Office

Defendants' first argument in support of their motion for attorney fees is that Plaintiff engaged in inequitable conduct before the PTO in the prosecution of its patent. Specifically, Defendants claim that Plaintiff intentionally failed to disclose to the PTO the existence of a material piece of prior art, Patent No. 4,524,037 (the "'037 patent"), held by Michel Marc.

An party alleging inequitable conduct for a failure to disclose musts show: "(1) prior art or information that is material; (2) knowledge chargeable to the applicant of that prior art or information and of its materiality; and (3) failure of the applicant to disclose the art or information resulting from an intent to mislead the PTO." *FMC Corp. v. Manitowoc Co.*, 835 F.2d 1411, 1415 (Fed. Cir. 1987). Both materiality and intent must be proven by clear and convincing evidence. *Litton Systems v. Honeywell, Inc.*, 87 F.3d 1559, 1570 (Fed. Cir. 1996), *petition for cert. filed*, 65 U.S.L.W. 3417 (U.S. Nov. 26, 1996) (No. 96-874). "Information is 'material' when there is a substantial likelihood that a reasonable examiner would have considered the information important in deciding whether to allow the application to issue as a patent." *Molins PLC v. Textron, Inc.*, 48 F.3d 1172, 1179 (Fed. Cir. 1995). The more material the omission, the less a showing of intent is required for the Court to reach a conclusion of inequitable conduct. *Litton*, 87 F.3d at 1570.

There can be no dispute in this case that the '037 patent was highly material prior art, that the applicant could fairly be charged with knowledge of the '037 patent, and that Plaintiff did not disclose the '037 patent. As to materiality, the '037 patent anticipates every claim in Plaintiff's application, and it was on the basis of the

'037 patent that this Court invalidated Plaintiff's patents. As to knowledge, Ohio Cellular president Donald Nelson admitted at his deposition that he knew of the method specified in the '037 patent as early as 1984.

The parties disagree as to whether Nelson knew of the '037 patent's materiality, and whether Nelson's failure to disclose the prior art resulted from an intent to mislead the PTO. A brief history of the prosecution history of Plaintiff's patents will aid in resolving these issues.

Ohio Cellular is a corporation engaged in the production of products, primarily football and other athletic protective pads, utilizing a foamed cross-linked polyolefin ("FXLPO") composite. In 1998, Nelson and inventor James Lammy applied for a patent on a method of forming an FXLPO article in which the FXLPO foam is precut, placed in a mold without preheating, heated while in the mold, and cooled and removed in finished form.

Defendants manufacture FXLPO products in competition with Ohio Cellular, and use a compression molding process similar to the one covered by Plaintiff's patent, except that it preheats its FXLPO preforms. After Plaintiff received the patent on its compression molding process, Plaintiff sent Defendant Adams a copy of the patent with an accompanying letter demanding that Defendants cease and desist from any infringement. Adams responded, denying that it was infringing because it preheated the FXLPO preforms. The parties employed a jointly selected investigator, Professor J. Thomas Lindt, who conducted measurements and reported that Adams' preforms had been preheated to average surface temperatures of 174°-246°F. Based on that report, Plaintiff advised Adams that it did not intend to pursue its infringement claim.

The day after Professor Lindt's inspection, Nelson and Lammy filed a supplemental patent application, attempting to broaden the scope of the patent to include preheated preforms at any temperature up to a point the material became "sticky/tacky," in order to cover the process Adams was using. Lammy subsequently refused to sign the Continuation application on the advice of his counsel,

who believed that the process was anticipated by the '037 patent, which also describes a method for compression molding an FXLPO article in which the FXLPO foam is precut, placed in a mold without preheating, heated while in the mold, and cooled and removed in finished form.

Nelson continued to prosecute the Continuation application. He informed the PTO that he believed Lammey had refused to sign the Continuation application because of concerns that it might have been covered by a patent issued to Michel Marc. Nelson referred the PTO to three Marc patents dealing with flow molding, rather than compression molding. He did not inform the PTO about the existence of Marc's '037 patent.

a. Knowledge of Materiality

The first issue is whether Nelson knew, or should have known, that the '037 patent was material to his patent application. An applicant who knows of the prior art cannot intentionally avoid learning of its materiality through gross negligence. *FMC*, 835 F.2d at 1415.

In this case, Nelson knew about the '037 patent and was familiar with the compression molding process described therein. Nelson also knew that Lammy had refused to sign the Continuation application on the advise of counsel in the belief that the '037 patent anticipated Plaintiff's invention. On these facts, no reasonable inventor could believe that a patent examiner would not consider the information important in deciding whether to allow the application to issue as a patent. The Court finds that Nelson, and therefore Plaintiff Ohio Cellular, was chargeable not only with the information that the '037 patent existed, but that such patent was material to Plaintiff's patent application.

b. Intent to Mislead

The second issue is whether Nelson's failure to disclose the prior art resulted from an intent to mislead the PTO. Where a patent applicant has failed to disclose material information, clear and con-

vincing evidence must show that the applicant made a deliberate decision to withhold a known material reference. *Molins*, 48 F.3d at 1181. Intent to mislead may be inferred from the facts and circumstances surrounding the applicant's conduct. *Paragon Podiatry Lab. v. KLM Lab.*, 984 F.2d 1182, 1189-90 (Fed. Cir. 1993).

In this case, Nelson was on notice that the '037 patent was material to his application. He knew that his co-inventor had refused to sign the Continuation application on the advice of counsel, because the '037 patent anticipated the claims in his application. He failed to disclose the highly material '037 patent, instead disclosing three less relevant patents held by the same inventor. Even after the patent examiner issued a formal attachment stating that the patent was allowed to issue because the examiner was unaware of any prior technology showing the molding of FXLPO articles with the preform being placed in the mold in a non-tacky state before heating the mold, and knowing that the '037 patent described such a process, Nelson did not disclose the '037 patent to the PTO.

In determining whether Nelson's conduct manifests a sufficiently culpable state of mind to warrant a determination that it was inequitable, the Court is guided by the reasoning of two cases similar to the one at bar. *LaBounty Mfg, v. United States Int'l Trade Comm'n*, 958 F.2d 1066 (Fed. Cir. 1992), and *True Temper Corp, v. CF&I Steel Corp.*, 601 F.2d 495 (10th Cir. 1979). The plaintiff-patentee in *LaBounty* was a metal shear manufacturer that designed and patented a heavy duty shear comprised of an upper jaw with a single movable cutting blade and a stationary lower jaw with one cutting blade and one guide blade. In its patent application, LaBounty disclosed two prior art devices, one of which was a two-bladed shear and one of which was a three-bladed shear with two lower cutting blades. LaBounty failed to disclose two prior art three-blade shears, denominated the "Adamo/Dodge" and "Ace" shears, which had lower jaws with one cutting blade and one guide blade, like LaBounty's. The Federal Circuit found that "the structure of the two [undisclosed] shears was far closer to that called for in the [LaBounty] patent than the prior art cited to the examiner by

LaBounty." 958 F.2d at 1075.

During prosecution of the patent, LaBounty focused on the guide blade feature of its shear to overcome a rejection based on the disclosed three-blade shear. The guide blade was a feature of the undisclosed shears. The Federal Circuit found that

> Had LaBounty's own prior art devices been disclosed to the PTO, the conclusion is inescapable that the prosecution would not have focused merely on the [three-blade shear] which did not have the critical [guide blade] feature. Thus, the evidence amply supports an inference that LaBounty acted with culpable intent to mislead or deceive the PTO by withholding its own known prior art devices and by making an argument for patentability which could not have been made had the art been disclosed.

Id. at 1076. The Federal Circuit then rejected LaBounty's argument that inequitable conduct for failure to disclose should not be found because the issues were close. It found that "[o]n the contrary, that makes it all the more necessary that the devices should have been disclosed to the examiner. Close cases should be resolved by disclosure, not unilaterally by the applicant." *Id.* The Federal Circuit thus affirmed the International Trade Commission's determination that the plaintiff's patent was unenforceable on grounds of inequitable conduct.

The plaintiff-patentee in *True Temper* designed and patented a process for producing steel rail anchors by means of a four-station hot-forming press, with automatic transfer from station to station, a different formation occurring at each station, and simultaneous formation at each station. In its patent application, True Temper disclosed two prior art patents, but failed to disclose certain other examples of prior art which were "more pertinent to [True Temper's] process than the cited patents." 601 F.2d at 505. Notably, the undisclosed prior art included a process used by True Temper in the manufacture of other rail anchors, which process was virtually identical to the patented process except for the automatic transfer feature, and another process used by True Temper that was fully auto-

matic. The trial court found, and the Tenth Circuit affirmed, that:

> had the Patent Office been aware of these systems, which together taught manufacture of channel-shaped rail anchors using heated metal blanks of plate thickness, with automatic transfer from station to station in synchronization with the ram of the press, the Office may well have decided differently on the patentability of the [True Temper] device. * * * [I]t was a breach of True Temper's duty to the Patent Office not to disclose such prior art which was clearly within its knowledge and which it should have realized was highly pertinent.

Id. at 507-08. The trial court's holding that True Temper's patent was unenforceable due to misconduct before the Patent Office was affirmed.

LaBounty and *True Temper* stand for several principles relevant to the issue at bar. First, the necessary intent to support a finding of inequitable conduct may be inferred from the facts and circumstances surrounding the applicant's conduct even in the absence of a "smoking gun." Second, an applicant's failure to disclose material information of which it is aware while disclosing less relevant prior art can support an inference of intent to mislead. Third, intent to mislead or deceive the PTO can be shown if an applicant withholds its own known prior art devices and makes an argument for patentability which could not have been made had the art been disclosed. Finally, the applicant has a duty to disclose all potentially material prior art in close cases, rather than unilaterally determining that a prior art device is not relevant.

Applying those principles to the issue here presented, the Court finds that Plaintiff failed to disclose material information of which it was aware, the '037 patent, although it disclosed less relevant prior art. The Court finds further that Plaintiff made an argument for patentability—the molding of FXLPO articles with the preform being placed in the mold in a non-tacky state—which could not have been made had the '037 patent been disclosed. Plaintiff unilaterally determined not to disclose the '037 patent, although it was on notice that the applied-for patent might be covered, rather than

allowing the patent examiner to determine whether the '037 patent was material. As in *LaBounty* and *True Temper*, the PTO would likely have decided differently on the issue of patentability had it known of the '037 patent. These facts support a finding that Plaintiff's conduct toward the PTO in prosecuting its patents was inequitable, and the Court so finds.

3. Vexatious and Unjustified Litigation

Defendants' second argument in support of their motion for attorney fees is that Plaintiff engaged in vexatious, unjustified litigation by bringing an infringement action it knew or should have known was baseless, and by continuing to prosecute that action even after prelitigation discovery showed unequivocally that Plaintiff's suit was without merit. A patentee engages in vexatious litigation that may warrant the imposition of attorney fees when it files or maintains a suit which it knows, or on reasonable investigation should know, is baseless. *Haynes Intl., Inc. v. Jessop Steel Co.*, 8 F.3d 1573, 1579 (Fed. Cir. 1993), *decision clarified on reh'g*, 15 F.3d 1076 (Fed. Cir. 1994). *Eltech Sys. Corp. v. PPG Indus.*, 710 F. Supp. 622, 626 (W.D. La. 1988), *aff'd in part*, 903 F.2d 805 (Fed. Cir. 1990).

Defendants allege two grounds on which Plaintiff knew or should have known that its suit was baseless: (1) Plaintiff's patent was invalid and/or unenforceable, and therefore could not be infringed; and (2) even if Plaintiff's patent had been valid, Defendants' conduct could not violate the patent because Defendants preheated their FXLPO forms, and the original patent specifies no preheating. Defendants' first argument is based on the same rationale that supported the Court's finding, *supra*, that Plaintiff engaged in inequitable conduct in the prosecution of its patent application. The Court addresses Defendants' second argument below.

Plaintiff first gave Defendant Adams notice of its infringement claim in mid-1990, when Plaintiff accused Adams of infringing the original patent, which specified that the FXLPO foam be placed in a mold without preheating, and demanded that Adams cease and

desist from such infringement. Plaintiff alleges that, at the time, it believed Adams did not preheat its preforms. Adams informed Plaintiff that it was not in violation of the patent because it preheated its FXLPO preforms. Tests performed shortly thereafter by Plaintiff's investigator confirmed that Adams did in fact preheat its preforms, and did not infringe the patent. The day after Plaintiff learned that the Adams process did not infringe its patent, it filed a supplemental patent application, attempting to broaden the scope of the patent ti include preheated FXLPO preforms in order to cover the process Adams was using. After patent was awarded on the Continuation application, Plaintiff brought this lawsuit.

Defendants allege several improprieties in the maintenance of the lawsuit on these facts, even had the patents been valid. First, they allege Plaintiff knew the suit was baseless because it knew at the time of instituting suit that Defendants preheated their preforms, and were not infringing the original patent. That contention is erroneous. Plaintiff did not commence suit until May, 1994, at which time it held the second patent, which covered preheated preforms. No showing has been made that Plaintiff's suit would have been baseless had the second patent been valid.

Second, Defendants allege that Plaintiff's procurement of the second patent to cover the Adams process constituted bad faith. The Court disagrees.

> [T]here is nothing improper, illegal or inequitable in filing a patent application for the purpose of obtaining a right to exclude a known competitor's product from the market; nor is it any manner improper to amend or insert claims intended to cover a competitor's product the applicant's attorney has learned about during the prosecution of a patent application.

Kingsdown Med. Consultants Ltd. v. Hollister Inc., 863 F.2d 867, 874 (Fed. Cir. 1988). What made Plaintiff's conduct in prosecuting the Continuation application wrongful was not the fact that Plaintiff was attempting to cover Adams' process. Plaintiff's conduct was wrongful because, and only because, Plaintiff knowingly withheld

material information from the PTO in the prosecution of that application. Had the patents been valid, and had Plaintiff made the necessary disclosures, prosecution of the Continuation application would not have been bad faith.

Defendants' remaining allegations about misconduct during the course of this litigation generally boil down to a complaint that Plaintiff commenced and continued its suit when it knew, or should have known, that its patents were invalid. Plaintiff opposes those allegations by arguing that if Defendants truly believed the patents to be anticipated, they could have avoided suit be requesting reexamination of the patent pursuant to 35 U.S.C.§ 302, in order to have the patent voided. Plaintiff has cited to no case law holding that an accused infringer must file a request for reexamination as a prerequisite to a finding that the patentee acted in bad faith in instituting a lawsuit, nor has Plaintiff put forth any convincing justification that would induce this Court to force an innocent defendant to institute and pay for an otherwise unnecessary administrative procedure before obtaining the statutory relief authorized under 35 U.S.C. § 285. The Court has already found that Plaintiff's conduct before the PTO was inequitable. Plaintiff knew, or should have known, that its failure to disclose the '037 patent would render its patents unenforceable.

The issue then becomes whether Plaintiff was on sufficient notice that its patent was invalid or unenforceable as to justify a determination that it brought the instant action in bad faith. Although the issue is somewhat close, the Court finds that Defendants have not shown by *clear and convincing* evidence that such was the case. Although the standard for bad-faith litigation is generally defined as litigation which the patentee "knows or should know" is baseless, the Federal Circuit has made it clear that an award of attorney fees must be premised on a finding of actual wrongful intent or of gross negligence, which has been defined as "willful, wanton, or reckless misconduct, or evidence of utter lack of all care." *Machinery Corp. of Am. v. Gullfiber AB.*, 774 F.2d 467, 473 (Fed. Cir. 1985); *see also Xantech Corp. v. Ramco Indus.*, 706 F. Supp. 661,

666 (N.D. Ind. 1988). Defendants have shown that Plaintiff was on notice that its suit was baseless because its patents were invalid, but they have not shown the requisite level of reckless misconduct to justify a finding that Plaintiff engaged in bad-faith litigation.

4. Does Plaintiff's Conduct Justify an Award of Attorney Fees?

In sum, the Court finds that Plaintiff's conduct before the PTO was inequitable, but that Plaintiff has not been shown to have engaged in bad-faith litigation. Since Plaintiff's inequitable conduct before the PTO makes this an "exceptional case" in which an award of fees is authorized, the Court must, in its discretion, determine whether Plaintiff's conduct was so egregious as to warrant the imposition of fees.

The Court finds that this case is one in which Plaintiff has acted in such bad faith that it would be grossly unjust to require Defendants entirely to bear the burden of their own attorney fees. Although Defendants have not shown by clear and convincing evidence that Plaintiff conducted the entire litigation in subjective bad faith, Plaintiff's inequitable conduct before the PTO is in itself sufficient reason to warrant the imposition of attorney fees. Furthermore, since Plaintiff was on notice that its patents were invalid and/or unenforceable, it should have known that its suit against Defendants would be meritless. Plaintiff's conduct required the Defendants to expend significant money and time defending against a suit that never should have been brought.

Therefore, Defendants' motion for attorney fees is granted, Defendants are granted thirty (30) days in which to submit the amount of fees requested and the documentation supporting such request.

IT IS SO ORDERED.

/s/ DAVID A. KATZ
UNITED STATES DISTRICT JUDGE

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION

(Dated Sept. 25, 1997)

OHIO CELLULAR PRODUCTS CORPORATION,

Plaintiff,

Case No. 3:94 CV 7251

-vs-

JUDGMENT ENTRY

ADAMS USA, INC., *et al.*,

Defendants.

KATZ, J.

For the reasons stated in the Memorandum Opinion filed contemporaneously with this Judgment Entry, IT IS HEREBY ORDERED, ADJUDGED and DECREED that Plaintiff's motion for reconsideration (Doc. No. 98) is denied. Defendants are granted thirty (30) days in which to submit the amount of fees requested and the documentation supporting such request.

/s/ DAVID A. KATZ
UNITED STATES DISTRICT JUDGE

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION

(Dated Sept. 25, 1997)

OHIO CELLULAR PRODUCTS CORPORATION,

Plaintiff,

-vs.-

ADAMS USA, INC., *et al.*,

Defendants.

Case No. 3:94 CV 7251

MEMORANDUM OPINION
(Resolves Doc. No. 98)

KATZ, J.

This matter is before the Court on Plaintiff's Motion to Reconsider and Vacate its Judgment Entry granting Defendants' motion for Attorney Fees. The Court conducted an evidentiary hearing on Plaintiff's motion on May 6, 1997, and accepted additional evidentiary material and briefs thereafter. For the following reasons, Plaintiff's motion will be denied.

I. PROCEDURAL BACKGROUND

Plaintiff brought this patent infringement action against Defendants on May 19, 1994. In a judgment rendered on October 11, 1995, this Court found that the patents Plaintiff sought to enforce against Defendants were invalid, and granted Defendants' motion for summary judgment. That finding was subsequently affirmed by the Court of Appeals for the Federal Circuit.

Defendants then moved for attorney fees on the dual grounds that Plaintiff engaged in inequitable conduct before the Patent and Trademark Office ("PTO"), and that Plaintiff engaged in vexatious and/or unjustified litigation. In a judgment rendered on February 12, 1997, this Court granted the motion for attorney fees on the sole

ground that Plaintiff had engaged in inequitable conduct before the PTO.

That finding was based on a determination that Plaintiff had intentionally failed to disclose to the PTO the existence of a material piece of prior art, Patent No. 4,524,037 (the "'037 patent"), held by Michel Marc. A finding of inequitable conduct for failure to disclose prior art to the PTO is based upon a showing, by clear and convincing evidence, of: "(1) prior art or information that is material; (2) knowledge chargeable to the applicant of that prior art or information and of its materiality; and (3) failure of the applicant to disclose the art or information resulting from an intent to mislead the PTO." *FMC Corp. v. Manitowoc Co.*, 835 F. 2d 1411, 1415 (Fed. Cir. 1987). Thus, an essential element of this Court's prior determination was a finding that Plaintiff was chargeable with knowledge of the relevant prior art—the '037 patent—and of its materiality.

Plaintiff has moved for reconsideration of this Court's factual determination that Plaintiff's president, Donald NeIson, had actual knowledge of the Marc '037 patent, of the radio frequency molding process described therein, and of the materiality of that information to his own patent application. Nelson testified at the May 6, 1997 evidentiary hearing that he did not know of the radio frequency molding process described in the '037 patent in any detail, and did not know that such process was covered by the '037 patent.

II. FACTUAL BACKGROUND

A brief history of the prosecution history of Plaintiff's patents will aid in resolving the issue at bar. Plaintiff Ohio Cellular Products Corporation is engaged in the production of products, primarily football and other athletic protective pads, utilizing a foamed cross-linked polyolefin ("FXLPO") composite. In 1988, Nelson and co-inventor James Lammy applied for a patent on a method of forming an FXLPO article in which the FXLPO foam is precut, placed in a mold without preheating, heated while in the mold, and cooled and removed in finished form.

Defendant Adams manufactures FXLPO products in competition with Ohio Cellular, and use a compression molding process similar to the one covered by Plaintiff's patent, except that it preheats its FXLPO preforms. After Plaintiff received the patent on its compression molding process, Plaintiff sent Adams a copy of the patent with an accompanying letter demanding that Adams cease and desist from any infringement. Adams responded, denying that it was infringing because it preheated the FXLPO preforms. The parties employed a jointly selected investigator, Professor J. Thomas Lindt, who conducted measurements and reported that Adams' preforms had been preheated to average surface temperatures of 174° - 246° F. Based on that report, Plaintiff advised Adams that it did not intend to pursue its infringement claim.

The day after Professor Lindt's inspection, Nelson and Lammy filed a supplemental patent application, attempting to broaden the scope of the patent to include preheated preforms at any temperature up to the point the material became "sticky/tacky," in order to cover the process Adams was using. Lammy subsequently refused to sign the Continuation application on the advice of his counsel, who believed that the process was anticipated by the '037 patent, which also describes a method for compression molding an FXLPO article in which the FXLPO foam is precut, placed in a mold without preheating, heated while in the mold, and cooled and removed in finished form.

Nelson continued to prosecute the Continuation application. He informed the PTO that he believed Lammy had refused to sign the Continuation application because of concerns that it might have been covered by a patent issued to Michel Marc. Nelson referred the PTO to three Marc patents dealing with flow molding, rather than compression molding. He did not inform the PTO about the existence of Marc's '037 patent. Nelson's patent application was granted. The patent examiner issued a formal attachment to the patent, stating that the patent was allowed to issue because the examiner was unaware of any prior technology showing the molding of FXLPO articles with the preform being placed in the mold in a non-tacky state before heating the mold.

This Court subsequently invalidated both of Nelson's patents on the ground that the '037 patent anticipated every claim in Plaintiff's application.

III. MOTIONS FOR RECONSIDERATION GENERALLY

While a motion for reconsideration is not mentioned in the Federal Rules of Civil Procedure, it serves a legitimate and valuable role in certain situations. *Nat 'I Union Fire Ins. Co. v. Continental Illinois Corp.*, 116 F.R.D. 252, 253 (N. D. Ill. 1987) (citing *Above the Belt, Inc. v. Mel Bohannon Roofing, Inc.*, 99 F.R.D. 99 (E.D. Va. 1983)). Generally, there are three major situations which justify a court reconsidering one of its orders: "(1) an intervening change in controlling law; (2) the availability of new evidence; and (3) the need to correct clear error or to prevent manifest injustice." *Kern-Tulare Water Dist. v. Bakersfield*, 634 F. Supp. 656, 665 (E.D. Cal. 1986), *aff'd in part, rev'd in part* 828 F.2d 524 (9th Cir. 1987). However, the motion for reconsideration must demonstrate to the court why it should reconsider its decision and set forth strongly convincing facts or law which would induce it to reverse its prior decision. *Shields v. Shetler*, 120 F.R.D. 123, 126 (D. Colo. I988). Motions for reconsideration are not substitutes for nor are they vehicles whereby a party may present arguments inexplicably omitted in prior proceedings. *Karr v. Castle*, 768 F. Supp. I087, 1093 (D. Del. 1991) (citing *Brambles U.S.A., Inc. v. Blocker*, 735 F. Supp. 1239 (D. Del. 1990)).

IV. PLAINTIFF'S MOTION FOR RECONSIDERATION

Plaintiff does not allege that there has been an intervening change in the law controlling this case, or that dispositive evidence has newly become available to it. Rather, it claims that reconsideration is necessary to correct clear error or to prevent manifest injustice. Specifically, it claims, and Nelson has testified, that Nelson did not know specifically of the existence of the Marc '037 patent or the specifics of how that patented process worked.

A. The Evidentiary Hearing

At the evidentiary hearing, Nelson testified that he had seen a brief demonstration of the process described in the '037 patent during the 1980's, but that the machine was largely hidden by a curtain, and the engineers performing the demonstration were so secritive about the process that he learned no details of how the process worked and did not know the steps that were involved. He testified that he assumed, but was not told, that the process was patented, and that he did not hear Michel Marc's name associated with the process.

Defendants, in opposition, submitted the deposition testimony of an engineer, Peter Halstead, who was with Nelson at the demonstration at issue. Halstead described what he saw as follows:

> Q: Okay. And you got to view that process?
> A: Yes.
> Q: Describe for us what you were able to view?
> A: Parts were laid out pre-die cut I guess is the word, they were, you know, approximately the size of the mold; they were placed in the mold, a rotary environment, if you will; operator stood in one place, placed them in the mold, and they rotated around, and another mold was there for the operator to fill, and the mold that rotated around went under a radio frequency discharge unit which emitted a radio frequency which is along the orders of a microwave in the way it heats things, certain heating cycle or cycling, which this thing is in this radio frequency which is a press I guess which squeezes the mold and emits this frequency and then it opens up and then rotates to the next station and then eventually comes back around, and there's a cooling cycle there, and then it comes back around to the operator who opens the mold, takes out the part, puts in the next blank, and it repeats itself.

(Halstead Depo. at 9-10.)

> Q: Was there anything explained to you as being confidential about that process?
> A: Well, the confidential nature was exactly how they had set the heating cycle and the dwell time and that there was some additive, if you will, to the foam that made it susceptible to radio frequency waves.
> Q: What do you mean by the phrase "dwell time"?
> A: How long it stayed at different work stations.
> Q: But as far as the steps and the stations, the stations and the steps of the process, that was demonstrated to you?
> A: Oh, yeah, uh-huh. Stand right there and watched the machine go around several times, and then questions were, you know, "Gosh! How much pressure's on it? How much radio frequency is there? How long is the radio frequency on for?" And those were not available to us, those specifics.

(*Id.* at 13-14.)

> Q: And Mr. Nelson was present when that process was demonstrated?
> A: Yes, he was.
> Q: What was secret if anything about the process?
> A: The specific settings of the machine and the exact additive to the foam that allowed it to be reactive to this.
> Q: But the actual steps of the process were not presented to you as confidential or secret?
> A: Huhm. No. No the steps of the process certainly weren't.

(*Id.* at 27-28.)

Halstead concurs in Nelson's assertion that the radio frequency molding process was not represented as being covered by the '037 patent, and that Michel Marc's name was not associated with the process during the demonstration.

B. The Parties' Arguments

If Halstead's testimony is accepted, the Court must conclude that Nelson knew as early as the mid-1980's that another method existed for compression molding an FXLPO article in which the FXLPO foam is precut, placed in a mold without preheating, heated

while in the mold, and cooled and removed in finished form. If Nelson knew of that method and did not disclose it to the PTO, Plaintiff is subject to an award of attorney fees on the ground of inequitable conduct before the PTO.

Plaintiff has filed a supplemental brief in which it raises three general arguments in response to Halstead's testimony: (1) Plaintiff suggests that Halstead's testimony is not credible; (2) Plaintiff argues that, even if Halstead's testimony is credited, such testimony does not indicate that Nelson had reason to know the FXLPO foam was compressed during the molding process; and (3) Plaintiff argues that Nelson's lack of knowledge that the process was covered by the Marc '037 patent precludes a finding of inequitable conduct.

As to Plaintiffs first argument, the Court disagrees. Despite his ongoing business relationship with Defendant, Halstead had no motive to fabricate his testimony. Furthermore, the details of Halstead's testimony describing the process comport with other descriptions of the Marc '037 process.

Plaintiff's second argument is not relevant to the issue of whether Plaintiff engaged in inequitable conduct before the PTO. The patents invalidated by this Court are silent on the issue of whether the mold is to be closed with or without compression, and the Court has already held that the existence or nonexistence of compression is irrelevant to the question of patent validity in this case. Since compression or the lack thereof is not relevant to the patents in issue, Halstead's failure to mention compression cannot save PIaintiff from a finding of inequitable conduct.

Nor is Plaintiff's third argument relevant to the issue of whether Plaintiff engaged in inequitable conduct before the PTO. An applicant for a patent is obliged to disclose all of the *information* he has that is relevant to his patent application – not only relevant patents of which he is aware. 37 C.F.R. § I.56. Since Nelson's failure to disclose a known process is sufficient to justify a finding of inequitable conduct regardless of whether he also knew the process was patented, his lack of knowledge that the process was covered by the

'037 patent cannot save PIaintiff from a finding of inequitable conduct.

III. CONCLUSION

Based on the depositions, affidavits, and testimony adduced at the evidentiary hearing, the Court finds that Donald Nelson knew, prior to 1992 of the existence of a process whereby (1) FXLPO foam was precut, (2) placed in a mold without preheating, (3) heated while in the mold, and (4) cooled and removed in finished form. Nelson did not disclose that information to the PTO in the process of prosecuting his two patent applications, although he knew the information was material. The Court finds further that Nelson's conduct manifests a sufficiently culpable state of mind to warrant a determination that it resulted from an intent to mislead the PTO. Therefore, Plaintiff is guilty of inequitable conduct before the PTO, and is liable to Defendants for their reasonable legal fees expended in this case.

Plaintiff's motion for reconsideration is denied. Defendants are granted thirty (30) days in which to submit the amount of fees requested and the documentation supporting such request.

IT IS SO ORDERED.

/s/ DAVID A. KATZ
UNITED STATES DISTRICT JUDGE

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION

(Dated January 20, 1998)

OHIO CELLULAR PRODUCTS CORP.,

Plaintiff,

vs.

ADAMS USA, INC., *et al.*,

Defendants.

Case No. 3:94 CV 7251

JUDGMENT ENTRY
(Resolves Doc. No. 116)

KATZ, J.

For the reasons stated in the Memorandum Opinion filed contemporaneously with this Judgment Entry, IT IS HEREBY ORDERED, ADJUDGED and DECREED that Defendants are entitled to an award of $178,888.51 in costs and attorney fees, plus interest at the legal rate from February 12, 1997, against Plaintiff Ohio Cellular Products Corporation.

/s/ DAVID A. KATZ
UNITED STATES DISTRICT JUDGE

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION

(Dated January 20, 1998)

OHIO CELLULAR PRODUCTS CORP.,

Plaintiff,

vs.

ADAMS USA, INC., *et al.*,

Defendants.

Case No. 3:94 CV 7251

MEMORANDUM OPINION
(Resolves Doc. No. 116)

KATZ, J.

This matter is before the Court on Defendant's bill of costs and petition for attorney fees. For the following reasons, Defendants' petition will be granted in the total amount of $178,888.51 plus interest accruing from February 12, 1997, at the rate provided by statute.

I. AMOUNT OF ENTITLEMENT

In their petition, Defendants claim entitlement to the following amounts:

Court reporter fees	$ 400.00
Witness fees	907.26
Transcript fees	15.00
Attorney fees: Foley & Lardner	16,851.09
Attorney fees: Camoriano & Smith	16,236.42
Attorney fees: Roach & Wheat	77,051.14
Attorney fees: Wheat, Camoriano, Smith & Beres	61,833.55
Attorney fees: Bunda, Stutz & DeWitt	5,594.05
Total	$178,888.51

Plaintiff does not object to the amounts of any of the costs and/or fees requested. The Court has reviewed the amounts requested and has determined that such amounts are reasonable. Therefore, Defendant's cost and fee petition is approved in the amount of $178,888.51.

THIRD-PARTY DEFENDANT'S OBJECTION

Third-party Defendant All American Sports Corporation ("All American") has filed an objection to the issuance of any fee award against it. It argues that it should not be held liable for the wrongful conduct involved in the prosecution of the '110 and '702 patents, since it was merely a purchaser of those patents. Defendant respond that All American should be held liable for such conduct, because any wrongdoing attributable to the patentee associated with obtaining the patent is imputed to any assignee thereof.

The Court agrees with All American. While it is blackletter law that "the assignee of a patent right takes it subject to the legal consequences of the previous acts of the patentee," *Worley v. Tobacco Co.*, 104 U.S. 340, 344, 26 L. Ed. 821 (1882), as to matters of enforceability such as validity and file wrapper estoppel, the Federal Circuit has held that the assignee of a patent can be liable for attorney fees in a patent infringement suit on grounds of inequitable conduct only if the assignee itself is found to have engaged in inequitable conduct; the applicant's inequitable conduct is not attributable to the assignee. *A.B. Chance Co. v. RTE Corp.*, 854 F.2d 1307, 1312-13 (Fed. Cir. 1988). No wrongdoing has been found on the part of All American. Therefore, it is not subject to an award of attorney fees for inequitable conduct.

III. TIMING OF INTEREST AWARD

Plaintiff has objected to Defendants' request for interest accrued after February 12, 1997, the date on which the Court determined that Defendants were entitled to attorney fees. It argues that interest should not be accrued until after the amount of the award has been determined.

Interest on an attorney fee award in patent cases runs from the date of the judgment establishing the right to the award, not the date of the judgment establishing the quantum.

Mathis v. Spears, 857 F.2d 749, 760-61 (Fed. Cir. 1988); *see also Friend v. Kolodzieczak*, 72 F.3d 1386 (9th Cir. 1995); *Foley v. City of Lowell*, 948 F.2d 10 (lst Cir. 1991). Therefore, Defendants are entitled to interest on the fee award from February 12, 1997.

IV. CONCLUSION

For the foregoing reasons, Defendants are entitled to an award of $178,888.51 in costs and attorney fees, plus interest at the legal rate from February 12, 1997, against Plaintiff Ohio Cellular Products Corporation.

IT IS SO ORDERED.

/s/ DAVID A. KATZ
UNITED STATES DISTRICT JUDGE

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION**

(March 25, 1998)

OHIO CELLULAR PRODUCTS
CORPORATION,

Plaintiff, Case No. 3:94 CV 7251

vs. JUDGMENT ENTRY

ADAMS USA, INC., *et al.*,

Defendants.

KATZ, J.

For the reasons stated in the Memorandum Opinion filed contemporaneously with this Judgment Entry, IT IS HEREBY ORDERED, ADJUDGED and DECREED that Defendants' motion for leave to amend their third-party complaint to name Donald E. Nelson as a third-party defendant in his individual capacity, and to amend the judgment in this action to include Nelson as an additional party against whom judgment is entered (Doc. No. 126) is granted.

/s/ DAVID A. KATZ
UNITED STATES DISTRICT JUDGE

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION**

(March 25, 1998)

OHIO CELLULAR PRODUCTS
CORPORATION,

Plaintiff, Case No. 3:94 CV 7251

vs. MEMORANDUM OPINION
(Resolves Doc. No. 126)

ADAMS USA, INC., *et al.*,

Defendants.

KATZ, J.

This matter is before the Court on Defendants' motion for leave to amend their third-party complaint to name Donald E. Nelson as a third-party defendant in his individual capacity, and to amend the judgment in this action to include Nelson as an additional party against whom judgment is entered. For the following reasons, Defendants' motion will be granted.

I. BACKGROUND

Plaintiff brought this patent infringement action against Defendants on May 19, 1994. In a judgment rendered on October 11, 1995, this Court found that the patents Plaintiff sought to enforce against Defendants were invalid, and granted Defendants' motion for summary judgment. That finding was subsequently affirmed by the Court of Appeals for the Federal Circuit.

Defendants then moved for attorney fees on the dual grounds that Plaintiff engaged in inequitable conduct before the Patent and Trademark Office ("PTO"), and that Plaintiff engaged in vexatious and/or unjustified litigation. In a judgment rendered on February 12, 1997, and reaffirmed on September 25, 1997, this Court, granted the motion for attorney fees on the sole ground that Plaintiff had engaged in inequitable conduct before the PTO. That finding was

grounded in a factual determination that Plaintiff's president and sole shareholder, Donald Nelson, had intentionally failed to disclose to the PTO the existence of a material piece of prior art, Patent No. 4,524,037, held by Michel Marc.

After entry of that judgment, the parties attempted to negotiate the amount of attorney fees. On October 13, 1997, in connection with the fee negotiations, Plaintiffs counsel sent Defendants' counsel a letter stating:

> I am writing to potentially save you some time. The fact is that if the attorney fee award exceeds a very limited amount, you will not collect it because the company will be liquidated. If you wish to discuss a resolution on a nominal basis, please let me know.

The negotiations were not successful. On October 27, 1997, Defendants submitted a fee petition and bill of costs to the Court. On January 20, 1998, this Court granted Defendants' fee petition in the total amount of $178,888.51 exclusive of interest.

On February 3, 1998, Defendants filed the motion at bar. They claim that if the judgment is not amended to subject Nelson to individual liability, they will be unable to collect all or most of the fees owed them. Plaintiff has filed opposition to that motion. Plaintiff argues that Defendants have not shown good cause for their failure to amend their third-party complaint before now, and claims that permitting the amendment Defendants request at this late date would deny Nelson his due process rights. Defendants have replied to Plaintiffs opposition. The Court discusses the parties' contentions below.

II. DISCUSSION

The Court has discretion to grant or deny a motion for leave to amend a complaint. *Foman v. Davis*, 371 U.S. 178, 182, 83 S. Ct. 227, 230, 9 L. Ed, 2d 222 (1962). Leave to amend is "freely given when justice so requires." Fed. R. Civ. P. 15(a). The Court may grant leave to amend a complaint even after entry of judgment if

justice so requires. *See, e.g., Kalman v. Berlyn Corp.*, 914 F.2d 1473, 1479-80 (Fed. Cir. 1990); *Fromson v. Citiplate, Inc.*, 886 F.2d 1300, 1302 (Fed. Cir. 1989). In determining whether to grant a motion for leave to amend, the Court considers factors including whether there is evidence of "undue delay, bad faith or dilatory motive on the part of the movant, repeated failure to cure deficiencies by amendments previously allowed, undue prejudice to the opposing party by virtue of allowance of the amendment," and whether amendment would be futile. *Foman*, 371 U.S. at 182, 83 S. Ct. at 230.

Plaintiff argues that Defendants have unduly delayed amendment of their third-party complaint, and that Nelson would be unduly prejudiced if such amendment is allowed. The Court agrees that Defendants could have moved to amend their complaint long before entry of final judgment on the motion for attorney fees in this case. The question here, however, is whether that delay was *undue*. Delay in itself is an insufficient ground to deny amendment; delay generally becomes undue only if the opposing party is prejudiced by reason of the delay. *See, e.g., Security Ins. Co. of Hartford v. Kevin Tucker & Assocs., Inc.*, 64 F.3d 1001, 1009 (6th Cir. 1995); *Datascope Corp. v. SMEC, Inc.*, 962 F.2d 1043, 1045 (Fed. Cir. 1992); *Ford Motor Co. v. United States*, 896 F. Supp 1224, 1231, (Ct. Int'l Trade 1995).

To show undue prejudice, the opposing party "must show that it was unfairly disadvantaged or deprived of the opportunity to present facts or evidence which it would have offered had the amendment [ ] been timely." *Cuffy v. Getty Ref. & Mktg. Co.*, 648 F. Supp. 802, 806 (D. Del. 1986). In determining whether there has been undue prejudice in a case such as this, the Court addresses: (1) whether Defendants' claim against Nelson arises out of the same conduct set forth in the original pleadings; (2) whether Nelson had notice sufficient to avoid prejudice to his defense and should have known that the action could have been brought against him; and (3) whether Nelson could be personally liable because he personally participated in or directed the wrongdoing that led to the corporation's liability. See *Fromson v. Citiplate, Inc.*, 10 U.S.P.Q.2d

1785, 1786-87, *aff'd*, 886 F.2d 1300 (Fed. Cir. 1989).

In this case, there is no dispute that Defendants' claim against NeIson arises out of the same conduct set forth in the original pleadings –inequitable conduct before the PTO. Indeed, the Court's finding that the Plaintiff corporation had engaged in inequitable conduct before the PTO was based on a factual determination that Nelson had intentionally failed to disclose a material piece of prior art to the PTO. Nelson personally claimed to be the inventor of the process for which he sought and obtained the patents that were subsequently invalidated by this Court. Nelson is the president and sole shareholder of the Plaintiff corporation. The evidence is clear that Nelson was personally involved in all aspects of the Plaintiff corporation's operations, including the prosecution of the invalid patents and the filing of the instant lawsuit.

Nor is there any dispute that Nelson had notice sufficient to avoid prejudice to his defense and should have known that the action could have been brought against him. The notice requirement is satisfied if there is a sufficient "identity of interest" between the original defendant and the newly added defendant, so that the institution of an action against one serves to provide notice of the litigation to the other. *Jacobsen v. Osborne*, 133 F.3d 315, 320 (5th Cir. 1998); *Fromson*, 886 F.2d at 1304, *Hernandez Jimenez v. Calero Toledo*, 604 F.2d 99, 102-03 (1st Cir. 1979). Nelson is the president and sole shareholder of the Plaintiff corporation; thus, the identity of interest between the two parties is near-complete. Nelson had every reason to believe from the moment the Plaintiff corporation instituted this action that every penny the corporation spent would be a penny out of his own pocket. Further, Nelson has been actually aware of and involved in this litigation from its outset; he was the motivating force behind the institution of the lawsuit. He has diligently—even fiercely—acted to protect his interests at every stage of the proceedings.

Finally, Nelson was on notice that Defendants' claim could have been brought against him personally, and that he might personally be liable for the Plaintiff corporation's tortious conduct. It is well

accepted that the officers of a corporation are personally liable for the corporation's torts committed in violation of the patent laws if they "personally took part in the commission of the tort or specifically directed other officers, agents or employees of the corporation to commit the tortious act." *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565, 1579 (Fed. Cir. 1986), *accord Sensonics, Inc. v. Aerosonic Corp.*, 81 F.3d 1566, 1575 (Fed. Cir. 1996); *Fromson*, 886 F.2d at 1304, *Water Techs. Corp. v. Calco, Ltd.*, 850 F.2d 660 (Fed. Cir. 1988). In this case, Nelson was personally responsible for the tortious conduct that led to the Plaintiff corporation's liability. Therefore, he is subject to personal liability for that conduct,

Plaintiff has not demonstrated undue delay, undue prejudice, or any other of the enumerated *Fomon* factors that counsel against permitting amendment of a party's complaint. Plaintiffs have argued, however, that Defendants have not shown that justice demands permitting Defendants to amend their third-party complaint to add Nelson as a third-party defendant because Defendants have not presented sufficient admissable evidence from which the Court can find that Defendants would be unable to satisfy the judgment by looking to the Plaintiff corporation. The sole record evidence relating to the Plaintiff corporation's ability to satisfy the judgment is the letter from Plaintiff's counsel stating that the corporation will be unable to pay anything more than a nominal amount.

Plaintiff argues that the letter is inadmissable under Fed. R. Evid. 408, which makes statements made in settlement or compromise negotiations inadmissable to prove the validity or amount of a party's claim. Rule 408 is inapposite to this motion. Neither the validity nor the amount of Defendants' claim is in dispute; the Court has already determined that Defendant is entitled to attorney fees and costs in the total amount of $178,888.51 plus interest. The only issue is whether the Plaintiff corporation will be able to satisfy that judgment. Nothing in the Federal Rules of Evidence makes Plaintiff's counsel's letter inadmissable for that purpose. That letter indicates that the Plaintiff corporation will not be collectible

beyond a nominal amount. Plaintiff has presented nothing to rebut that evidence. Therefore, the Court finds that Defendants have shown they are unlikely to be able to collect the judgment in their favor if their motion to amend is not granted.

III. CONCLUSION

For the foregoing reasons, the Court finds that justice demands permitting Defendants to amend their third-party complaint to add Nelson as a third-party defendant, and to amend the judgment in this action to include Nelson as an additional party against whom judgment is entered. Pursuant to Fed. R. Civ. P. 15(c), such amendment relates back to the filing of the original third-party complaint for statute of limitations purposes. Defendants' motion to amend is granted.

IT IS SO ORDERED.

/s/ DAVID A. KATZ
UNITED STATES DISTRICT JUDGE

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION

(Dated March 25, 1998)

OHIO CELLULAR PRODUCTS CORPORATION,

Plaintiff, Case No. 3:94 CV 7251

vs. JUDGMENT ENTRY

ADAMS USA, INC., *et al.*,

Defendants.

KATZ, J.

For the reasons stated in the Memorandum Opinion filed contemporaneously with this Judgment Entry, IT IS HEREBY ORDERED, ADJUDGED and DECREED that Plaintiff Donald E. Nelson's motion to alter or amend judgment (Doc. No. 133) is denied.

/s/ DAVID A. KATZ
UNITED STATES DISTRICT JUDGE

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION

(Dated March 25, 1998)

OHIO CELLULAR PRODUCTS CORPORATION,

Plaintiff,

vs.

ADAMS USA, INC., *et al.*,

Defendants.

Case No. 3:94 CV 7251

MEMORANDUM OPINION
(Resolves Doc. No. 133)

KATZ, J.

This matter is before the Court on Plaintiff Donald E. Nelson's motion to alter or amend this Court's March 25, 1998 judgment naming Nelson as a third-party defendant, and amending the judgment to include Nelson as an additional party against whom judgment is entered. For the following reasons, Plaintiff's motion will be denied.

I. BACKGROUND

Plaintiff Ohio Cellular Products Corporation ("OCP") brought this patent infringement action against Defendants on May 19, 1994. In a judgment rendered on October 11, 1995, this Court found that the patents OCP sought to enforce against Defendants were invalid, and granted Defendants' motion for summary judgment. That finding was subsequently affirmed by the Court of Appeals for the Federal Circuit.

Defendants then moved for attorney fees on the dual grounds that OCP engaged in equitable conduct before the Patent and Trademark Office ("PTO"), and that OCP engaged in vexatious and/or unjustified litigation. In a judgment rendered on February 12, 1997,

and reaffirmed on September 25, 1997, this Court granted the motion for attorney fees on the sole ground that OCP had engaged in inequitable conduct before the PTO. That finding was grounded in a factual determination that OCP's president and sole shareholder, Donald Nelson, had intentionally failed to disclose to the PTO the existence of a material piece of prior art, Patent No. 4,524,037, held by Michel Marc. On January 20, 1998, this Court awarded Defendants a total of $178,888.51 in attorney fees, exclusive of interest.

Defendants had attempted to negotiate the amount of attorney fees prior to filing their fee petition. In connection with those negotiations, Nelson informed Defendants that he would liquidate OCP to avoid paying anything more than a nominal amount of attorney fees. Defendants then moved to amend the judgment to name Nelson as an additional party against whom fees could be collected, on the ground that if Nelson were not subjected to individual liability Defendants would be unable to collect all or most of the fees owed them.

By Memorandum Opinion and Judgment entered on March 25, 1998, this Court granted Defendants' motion. In holding that Nelson could be named as an additional party, this Court found (1) that Nelson had personally engaged in inequitable conduct before the PTO that could subject him to individual liability; (2) that Nelson had a near-complete identity of interest with OCP; and (3) that Nelson could be personally liable for OCP's torts committed in violation of the patent laws since he had personally taken part in the commission of those torts.

On April 8, 1998, Nelson filed a motion to alter or amend judgment, in which he raised a number of new arguments against the imposition of fees against him. Defendants have filed a response to that motion, and Nelson has replied thereto The Court discusses the parties' contentions below.

II. DISCUSSION

The purpose of a motion to alter or amend judgment under Fed.

R. Civ. P. 59(e) is to have the court reconsider matters "properly encompassed in a decision on the merits." *Osterneck v Ernst and Whinney*, 489 U.S. 169, 174 (1988). This rule gives the district court the "power to rectify its own mistakes in the period immediately following the entry of judgment." *White v. New Hampshire Dept. of Employment Security*, 455 U.S. 445, 450 (1982). Generally, there are three major situations which justify a district court altering or amending its judgment: "(1) to accommodate an intervening change in controlling law; (2) to account for new evidence not available at trial; or (3) to correct a clear error of law or to prevent a manifest injustice." *In re Continental Holdings, Inc.*, 170 B.R. 919, 933 (Bankr. N.D. Ohio 1994); *Braun v. Champion Credit Union*, 141 B.R. 144, 146 (Bankr. N.D, Ohio 1992), *aff'd*, 152 B.R. 466 (N.D. Ohio 1993); *In re Oak Brook Apartments of Henrico County, Ltd.*, 126 B.R. 535, 536 (Bankr. S.D. Ohio 1991). It is not designed to give an unhappy litigant an opportunity to relitigate matters already decided; nor is it a substitute for appeal. *Dana Corp. v. United States*, 764 F. Supp. 482, 488-89 (N.D. Ohio 1991); *Erickson Tool Co. v. Balas Collet Co.*, 277 F. Supp. 226 (N.D. Ohio 1967), (*aff'd*, 404 F.2d 35 (6th Cir. 1968).

Nelson does not here allege any intervening change in controlling law or that evidence has newly become available to him. Rather, he is attempting to raise new arguments which he did not make in his original opposition to Defendants' motion. A motion for reconsideration is not a vehicle whereby a party may present arguments inexplicably omitted from the prior proceedings in order to gain a "second bite at the apple." *See Karr v. Castle*, 768 F. Supp. 1087, 1093 (D. Del. 1991). That is not a basis upon which this Court will reconsider a prior determination.

Furthermore, the Court has reviewed the new arguments Nelson attempts to raise, and has determined that they are not meritorious. Nelson first argues that 35 U.S.C. § 285, the statute permitting awards of attorney fees to the prevailing party in patent litigation, does not expressly authorize an award of attorney fees against one who engaged in inequitable conduct on behalf of a corporation before the PTO.

Nelson's first contention is erroneous. It is blackletter patent law that a party's inequitable conduct before the PTO can form the basis of an award of attorney fees against that party. *See, e.g., Bayer Aktiengesellschaft v. Duphar Int'l Research B.V.*, 738 F.2d 1237, 1242 (Fed. Cir. 1984): It is also clear that a corporation's officer is personally liable for the corporation's torts committed in violation of the patent laws if he personally took part in the commission of the tort. *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565, 1579 (Fed. Cir. 1986).

Nelson also argues that he cannot be liable for attorney fees because he is not a party to this action. Nelson's second contention misconstrues—indeed, ignores altogether—the import of this Court's May 25, 1998 ruling. Nelson *is* a party to this action. Since May 25, 1998, he has been a properly named third-party defendant against whom liability has been entered. Pursuant to Fed. R. Civ. P. 15(c), the amendment to Defendants' third-party complaint relates back to the filing of the original third-party complaint. Since Nelson is a party to this action, who personally participated in the inequitable conduct before the PTO that gave rise to an award of attorney fees, and he has failed to show any reason that he would be unduly prejudiced by an award of fees against him, it is proper to hold him individually liable for those fees.

III. CONCLUSION

Accordingly, Plaintiff Donald E. Nelson's motion to alter or amend judgment is denied.

IT IS SO ORDERED.

/s/ DAVID A. KATZ
UNITED STATES DISTRICT JUDGE

Supreme Court, U.S.
FILED
OCT 22 1999
CLERK

No. 99-502

In The

Supreme Court of the United States

DONALD E. NELSON,

Petitioner,

v.

ADAMS USA, INC. and
APEHEAD MANUFACTURING, INC.,

Respondents.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

RESPONDENTS' BRIEF IN OPPOSITION

JACK ALLEN WHEAT
(Counsel of Record)
VANCE ARMENTROUT SMITH
JOEL THOMAS BERES
JOHN WILLIAM SCRUTON
WHEAT, SMITH & BERES, PLC
1515 Citizens Plaza
500 W. Jefferson Street
Louisville, Kentucky 40202-2857
(502) 585-2040

Counsel for Respondents

COCKLE LAW BRIEF PRINTING CO., (800) 225-6964
OR CALL COLLECT (402) 342-2831

348

QUESTION PRESENTED

As more fully discussed in the body of this Brief in Opposition, Respondents object to Question 1 as presented by Petitioner in its entirety. Respondents also object to Question 2 as worded. The more appropriate question is as follows:

Whether an individual patent applicant who engaged in inequitable conduct may be joined as a party and held liable for attorneys' fees in litigation instituted by his corporation to enforce patents obtained as the fruits of the inequitable conduct, and if so, whether the District Court abused its discretion when it allowed such joinder.

PARTIES TO THE PROCEEDING

The Petition accurately lists the parties to this proceeding.

There is no parent or publicly held company owning 10% or more of the stock of Respondent Adams USA, Inc.

There is no parent or publicly held company owning 10% or more of the stock of Respondent Apehead Manufacturing, Inc.

TABLE OF CONTENTS

	Page
QUESTION PRESENTED	i
PARTIES TO THE PROCEEDING	ii
TABLE OF CONTENTS	iii
TABLE OF AUTHORITIES	iv
COUNTERSTATEMENT OF THE CASE	1
OBJECTION TO CONSIDERATION OF FIRST QUESTION PRESENTED	7
REASONS FOR DENYING THE WRIT	12
CONCLUSION	20

TABLE OF AUTHORITIES

Page

CASES

Amsted Industries, Inc. v. Buckeye Steel Castings Co., 23 F.3d 374 (Fed. Cir. 1994) 13

Bayer Aktiengeshellschaft v. Duphar Int'l Research B.V., 738 F.2d 1237 (Fed. Cir. 1984) 13

Beckman Instruments, Inc. v. LKB Produkter AB, 892 F.2d 1547 (Fed. Cir. 1989) 13

Browning-Ferris Industries v. Kelco Disposal, 492 U.S. 257 (1989) 10, 11, 12, 18

Datascope Corp. v. SMEC, Inc., 964 F.2d 1043 (Fed. Cir. 1992) 20

Fromson v. Citiplate, Inc., 886 F.2d 1300 (Fed. Cir. 1989) 20

Hoover Group, Inc. v. Custom Metalcraft, Inc., 84 F.3d 1408 (Fed. Cir. 1996) 6, 16, 17

Hughes v. Novi American, Inc., 724 F.2d 122 (Fed. Cir. 1984) 5, 17

Kentucky v. Graham, 473 U.S. 159 (1985) 14, 15

Machinery Corporation of America v. Gullfiber AB, 774 F.2d 467 (Fed. Cir. 1985) 13, 17

Monolith Portland Midwest Company v. Kaiser Aluminum & Chemical Corporation, 407 F.2d 288 (9th Cir. 1969) 14

Montana v. United States, 440 U.S. 147 (1979) 18

TABLE OF AUTHORITIES – Continued

Page

Ohio Cellular Products v. Adams USA, Inc., 104 F.3d 376 (table), 41 USPQ2d 1538 (full opinion) (Fed. Cir. 1996) (*"Appeal I"*) 1

Ohio Cellular Products Corporation v. Adams USA, Inc., 175 F.3d 1343 (Fed. Cir. 1999) (*"Appeal II"*) 3, 5, 6, 7, 15

Orthokinetics, Inc. v. Safety Travel Chairs, Inc., 806 F.2d 1565 (Fed. Cir. 1986) 6, 16

Southern Pacific R. Co. v. United States, 168 U.S. 1 (1897) 18

Zenith Corp. v. Hazeltine, 395 U.S. 100 (1969) 18

MISCELLANEOUS

Prosser, *Handbook of the Law of Torts*, 4th ed. § 52 (1971) 16

17 Wright and Miller on Federal Practice § 4036 (2d ed. 1988) 10

COUNTERSTATEMENT OF THE CASE

This is a patent infringement lawsuit involving processes Petitioner, Donald E. Nelson, claimed to have invented. Petitioner is the president and sole shareholder of Ohio Cellular Products, Inc. ("OCP") which instituted this litigation against Respondents, Adams USA, Inc. and Apehead Manufacturing, Inc., hereinafter collectively referred to as "Adams". Petitioner was later individually joined as a third-party defendant.

By *summary judgment*, the District Court invalidated the patents in issue (the "Nelson patents"), finding as a matter of law that every step in the processes covered by the patents was taught in a preexisting patent issued to Michel Marc, which patent was regularly referred to by the courts below as the " '037 patent" or the "Marc patent". (See, e.g., Appendices to Petition for Cert. at p. 59).

In the *first appeal* in this action, the United States Court of Appeals for the Federal Circuit affirmed the summary judgment invalidating the Nelson patents. See *Ohio Cellular Products v. Adams USA, Inc.*, 104 F.3d 376 (table), 41 USPQ2d 1538 (full opinion) (Fed. Cir. 1996) (*"Appeal I"*). No review was sought of that Federal Circuit decision.

While the first appeal was pending, the District Court had under submission Adams' motion for an attorneys' fee award pursuant to 35 U.S.C. §285. The motion was based, *inter alia*, on Petitioner's personal violation of the "duty of candor" imposed on patent applicants. This duty obligates an applicant for a patent to fully disclose all known pertinent preexisting technology which might

have any bearing on whether the U.S. Patent and Trademark Office (the "PTO") should allow an application to issue as a U.S. patent. A violation of this duty of candor is typically referred to as "inequitable conduct".

The factual basis of Adams' "inequitable conduct" claim was that (1) Petitioner had actual knowledge of the preexisting Marc process; (2) Petitioner failed to fully disclose that information to the PTO; and (3) Petitioner intended to mislead the PTO.

Following the conclusion of the first appeal, the District Court sustained Adams' motion for attorneys' fees, finding as follows:

> Applying those principles to the issue here presented, the Court finds that Plaintiff failed to disclose material information of which it was aware, the '037 patent, although it disclosed less relevant prior art. . . . Plaintiff unilaterally determined not to disclose the '037 patent, although it was on notice that the applied-for patent might be covered, rather than allowing the patent examiner to determine whether the '037 patent was material. . . . These facts support a finding that Plaintiff's conduct toward the PTO in prosecuting its patents was inequitable, and the Court so finds.

(Appendices to Petition for Cert. at p. 53.)

The lower courts also explicitly found it was Petitioner himself who personally committed this inequitable conduct:

> Nelson, as an inventor of the '702 patent and president and sole shareholder of Ohio Cellular, was intimately involved in the prosecution of

> the '702 patent and his conduct was the sole basis for the district court's conclusion that Ohio Cellular committed inequitable conduct. *See, e.g., Ohio Cellular Prods. Corp. v. Adams USA, Inc.*, No. 3:94-CV-7251, slip op. at 8 (N.D. Ohio Sept. 25, 1997) ('[T]he Court finds that Donald Nelson knew [of the pertinent prior technology]. . . . Nelson did not disclose that information to the PTO . . . , although he knew the information was material. The Court finds further that Nelson's conduct manifests a sufficiently culpable state of mind to warrant a determination that it resulted from an intent to mislead the PTO.').

Ohio Cellular Products Corporation v. Adams USA, Inc., 175 F.3d 1343, 1346 (Fed. Cir. 1999) (*"Appeal II"*). (Found also in Appendices to Petition for Cert. at p. 20.)

Following the finding of inequitable conduct adequate to support a fee award, but shortly before the District Court quantified the extent of the award, OCP's attorneys indicated that, unless Adams agreed to accept a nominal amount, OCP would be rendered nearly insolvent. Based on that threat, Adams sought and obtained leave of the District Court (1) to join Petitioner individually as a party; and (2) for judgment against him individually. In support of that motion, Adams argued that the inequitable conduct was solely committed by Petitioner, and that by reason of his control, ownership, and privity with OCP, Petitioner was collaterally estopped to deny the finding he personally committed the pertinent inequitable conduct.

Implicitly finding such privity between Petitioner and his corporation as to collaterally estop Petitioner from challenging the finding of fact that he personally

committed the inequitable conduct, the District Court noted as follows:

> In a judgment rendered on February 12, 1997, and reaffirmed on September 25, 1997, this Court, granted the motion for attorney fees on the sole ground that Plaintiff had engaged in inequitable conduct before the PTO. That finding was grounded in a factual determination that Plaintiff's president and sole shareholder, Donald Nelson, had intentionally failed to disclose to the PTO the existence of a material piece of prior art, Patent No. 4,524,037, held by Michael Marc.

(Appendices to Petition for Cert. at pp. 71-72; see also p. 74.)

Specifically as to his privity, the court found as follows:

> Nelson had every reason to believe from the moment that Plaintiff corporation instituted this action that every penny the corporation spent would be a penny out of his own pocket. Further, Nelson has been actually aware of and involved in this litigation from its outset; he was the motivating force behind the institution of the lawsuit. He has diligently – even fiercely – acted to protect his interests at every stage of the proceedings.

(Appendices to Petition for Cert. at p. 74.)

Accordingly, the District Court found "Nelson was personally responsible for the tortious conduct that led to the Plaintiff corporation's liability. Therefore, he is subject to personal liability for that conduct." (Appendices to Petition for Cert. at p. 75.)

In the *second appeal*, the appeal taken by Petitioner challenging the amendment joining him as a party, the Federal Circuit accepted the District Court's factual finding of inequitable conduct, noting as follows:

> The district court concluded that, during the prosecution of the '702 patent, Nelson, who denied it at the evidentiary hearing on the issue, had withheld material prior art from the United States Patent and Trademark Office with the intent to deceive. The judgment that Ohio Cellular committed inequitable conduct is not here disputed.

Appeal II, supra at 1345. (Found also in Appendices to Petition for Cert. at p. 19.)

In the second appeal, the Federal Circuit also affirmed the finding that Petitioner was personally liable for the inequitable conduct, noting as follows:

> Finally, as the person solely responsible for the inequitable conduct and as a president and sole shareholder of Ohio Cellular, Nelson should have known he could be held personally liable. *See Hughes v. Novi Am., Inc.*, 724 F.2d 122, 125-26, 220 USPQ 707, 710 (Fed. Cir. 1984) (holding the inventor, former president and majority shareholder of assignee of patents liable for attorney fees for his own inequitable conduct); *Fletcher Cyclopedia of the Law of Private Corporations* §1143 (1994) ('A corporate officer or agent who commits fraud is personally liable to a person injured by the fraud. In other words, an officer of a corporation, actively participating in the fraud practiced by it, cannot escape personal liability on the ground the officer was acting for the corporation. . . . *The corporation also may be*

> *liable, but the individual is not thereby relieved of his or her own responsibility.'* (emphasis added)).

Appeal II, supra at 1350. (Found also in Appendices to Petition for Cert. at pp. 27-28.)

As is clear from the above, Petitioner was not held liable for the actions of others through any "piercing of the corporate veil", nor was liability otherwise "imputed" to him. Quite to the contrary, Petitioner was held personally accountable for wrongdoing he himself committed. As emphasized by the Federal Circuit:

> It is important to note that Defendants were not required to "pierce the corporate veil" in order to add Nelson as a party. "In general, a corporate officer is personally liable for his tortious acts, just as any individual may be liable for a civil wrong. This general rule 'does not depend on the same grounds as piercing the corporate veil,'. . . . " *Hoover Group, Inc. v. Custom Metalcraft, Inc.*, 84 F.3d 1408, 1411, 38 USPQ2d 1860, 1861-62 (Fed. Cir. 1996) (citations omitted); *see also Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565, 1579, 1 USPQ2d 1081, 1090 (Fed. Cir. 1986) ("[O]fficers of a corporation are personally liable for tortious conduct of the corporation if they personally took part in the commission of the tort. . . . ")

Appeal II, supra at 1349 n.6. (Found also in Appendices to Petition for Cert. at p. 26.)

Petitioner objected to the amendment both in the District Court and on appeal, essentially claiming the amendment constituted an abuse of discretion because of

undue delay. (See Petitioner's Brief on Appeal.) Disagreeing, the Federal Circuit held "[c]onsidering all the circumstances of record here, we discern no abuse of discretion in the district court's grant of Defendants' motion to amend and no clear error in the district court's factual findings." *Appeal II, supra* at 1349. (Found also in Appendices to Petition for Cert. at p. 27.)

Petitioner now *concedes* the District Court did not abuse its discretion allowing the amendment joining him individually as a party.

> Petitioner does not here challenge the liberal pleading provisions of the Federal Rules of Civil Procedure, and does not challenge the district court's decision to grant respondents leave to (1) amend their complaint (2) join petitioner as a new party defendant and (3) to do so after judgment had been rendered.

(See Petition for Cert. at p. 7.)

Petitioner now raises new grounds for challenging the amendment and bases its Petition for Certiorari on issues *wholly distinct* from the issues presented below in the appeal court.

OBJECTION TO CONSIDERATION OF FIRST QUESTION PRESENTED

In his Petition for Certiorari to this Court, Petitioner sets forth his first question presented as follows:

> Whether a United States District Court, consistent with the Federal Rules of Civil Procedure

> and the due process clause of the Fifth Amendment to the United States Constitution, can assess attorneys' fees against a non-party pursuant to 35 U.S.C. §285 without first securing service of process upon, and jurisdiction over, that non-party.

Not only does this question ignore that *Petitioner is a party,*[1] it asks the Court to review issues of law and fact not raised in the record on review. Thus, Respondents object to consideration of this question.

More specifically, after the District Court entered the order granting Adams leave to amend the third-party complaint to name Petitioner as a third-party defendant, and to amend the judgment to include Petitioner as an additional party against whom judgment is entered, Petitioner sought review and reconsideration of that decision. Nowhere in that motion did Petitioner raise any objection on Constitutional due process grounds. Rather, Petitioner argued *only* that the District Court had no statutory authority to assess attorneys' fees against him. Similarly, before the Federal Circuit, Petitioner again asserted that there was no express statutory basis for imposing liability for attorneys' fees against him, and also asserted that he was prejudiced by the delay in the joinder.

Now, Petitioner claims he was never served with process and thus was denied due process and precluded from asserting assorted boilerplate defenses, namely (1)

---

[1] Despite claiming that he is a "non-party", Petitioner "does not challenge the district court's decision to grant respondents leave to . . . (2) join petitioner as a new party defendant. . . . " (See Petition for Cert. at p. 7.)

lack of personal jurisdiction; (2) some unspecified statute of limitations; (3) laches; and (4) unclean hands.

Nowhere in the record on review did Petitioner ever attempt to assert *any of these defenses*, nor did he ever question the exercise of jurisdiction over him. Rather, the procedural issue presented to the Federal Circuit was essentially limited to whether delay barred the amendment, which assertion Petitioner has now abandoned. (See Petition for Cert. at p. 7.) Recently, Petitioner did file with the District Court a Fed. R. Civ. P. 60(b)(4) motion collaterally attacking the judgment claiming for the first time that he was never personally served with process. (See Petition for Cert. at pp. 6-7.) That motion was filed with the District Court after the Federal Circuit affirmed the fee award against Petitioner. However, what Petitioner neglects to acknowledge is he quickly entered a personal appearance in the District Court challenging the amendment, thus waiving any right to object to the lack of formal service of process. Because Petitioner personally entered his appearance without raising any of the issues now sought to be raised, the District Court recently rejected the collateral attack, holding it to be "meritless". A full text copy of this opinion and order may be found in the Appendix hereto, but, in pertinent part, the District Court noted:

> Nelson's argument is meritless. Courts addressing waiver of objections to personal jurisdiction or service of process have consistently held that those defenses are waived if not raised in a defendant's first significant defensive move. . . .

Defendants moved to add Nelson as a third-party Defendant in this case on February 3, 1998. It is not disputed Nelson had actual knowledge of Defendants' third-party claim. . . . Plaintiff Ohio Cellular Products, which is completely controlled by Nelson, opposed Defendants' motion to add Nelson as a third-party defendant on the merits, without ever raising a challenge to personal jurisdiction or service of process. Nelson personally moved for reconsideration . . . without ever raising a challenge to personal jurisdiction or service of process. Nelson then appealed this Court's decision to the Federal Circuit, and conducted his appeal in his own name for over a year, *without ever raising a challenge to personal jurisdiction or service of process*. . . .

> Since Nelson did not object to either personal jurisdiction or service of process at the proper time, those objections are waived.

(See Appendix hereto at pp. 6-7) (emphasis added).

It is hornbook law that "new questions may not be raised for the first time on Supreme Court review." 17 *Wright and Miller on Federal Practice* §4036 at p. 35 (2d ed. 1988). This Court has reiterated this fundamental precept time and again. For example, in *Browning-Ferris Industries v. Kelco Disposal*, 492 U.S. 257 (1989), Petitioner argued that the Court should review a punitive damages award on the basis that it was violative of due process, claiming that the "due process question [raised before the Court] is within the 'clear intendment' of the objection it has made throughout these proceedings." *Id.* at 276. This Court disagreed, noting:

> Petitioners claim that the due process question is within the 'clear intendment' of the objection it has made throughout these proceedings. Our review of the proceedings in the District Court and the Court of Appeals shows that petitioners' primary claim in both of those courts was that the punitive damages award violated Vermont state law. Petitioners also argued that the award violated the Eighth Amendment. We fail to see how the claim that the award violates due process is necessarily a part of these arguments. We shall not assume that a nonconstitutional argument also includes a constitutional one, and shall not stretch the specific claims made under the Eighth Amendment to cover those that might arise under the Due Process Clause as well. . . . In the absence of a developed record on the issues relevant to this due process inquiry, we shall not stretch the 'clear intendment' doctrine to include this case, as we do not think that the due process question is 'only an enlargement' of the Eighth Amendment inquiry. Although the due process analysis of an award of punitive damages may track closely the Eighth Amendment analysis suggested by petitioners, we shall not assume that to be the case and shall not attempt to decide the question *in the absence of a record on the due process point developed in the District Court and the Court of Appeals*.

Id. at 277 n. 23 (emphasis added).

Similarly, after failing in the District Court and Court of Appeals, Petitioner now presents the new argument that the District Court's actions were inconsistent with due process as guaranteed by the Fifth Amendment of the U.S. Constitution. As this Court recognized in *Browning-*

Ferris Industries, supra, it would be inappropriate to address this issue "in the absence of a record on the due process point developed in the District Court and the Court of Appeals." *Id.*

Ironically, Petitioner laments that "rather than address the due process issues, both the district court and the court of appeals focused their inquiry on the liberal amendment provisions of Fed. R. Civ. P. 15(a). . . . " (See Petition for Cert. at p. 11.) Quite clearly, the District Court and Federal Circuit focused their inquiry on the amendment provisions of the Federal Rules of Civil Procedure because that – and not the "due process" issue now sought to be presented – was the issue raised by Petitioner.

Accordingly, being a newly raised issue outside of the record on appeal, Question 1 of the "Questions Presented" should not be considered.

REASONS FOR DENYING THE WRIT

Both of the questions presented presuppose that Petitioner is a non-party. To the contrary, *Petitioner was made a party*. Indeed, the very decision sought to be reviewed is the decision where he was made a party. Granted, Petitioner was not served with process; however, he had actual notice and, as set forth above, personally entered his appearance to challenge the requested joinder, and thereby waived his right to require formal service of process. (See Appendix hereto.) Furthermore, nowhere in the record on review was any finding sought that he had not been made a party.

Consequently, it would appear the only potentially germane questions presented relate to whether an individual patent applicant who engages in inequitable conduct may be joined as a party and held liable for attorneys' fees in litigation instituted by his corporation to enforce patents obtained as the fruits of the inequitable conduct.

The decision below holding the actual wrongdoer liable was a plainly correct application of settled law. There is no conflict among the Circuits, nor are there any other reasons justifying further review.

The Federal Circuit consistently holds as follows:

> Among the types of conduct which can form a basis for finding a case exceptional are . . . *inequitable conduct before the P.T.O.*, misconduct during litigation, vexatious or unjustified litigation, and frivolous suit.

Amsted Industries, Inc. v. Buckeye Steel Castings Co., 23 F.3d 374, 376 (Fed. Cir. 1994) (quoting *Beckman Instruments, Inc. v. LKB Produkter AB*, 892 F.2d 1547, 1551 (Fed. Cir. 1989) (emphasis added)). See also *Bayer Aktiengeshellschaft v. Duphar Int'l Research B.V.*, 738 F.2d 1237, 1242 (Fed. Cir. 1984) and *Machinery Corporation of America v. Gullfiber AB*, 774 F.2d 467, 472 (Fed. Cir. 1985) ("Such injustice certainly includes situations where a patentee has litigated in bad faith, or committed fraud or other inequitable conduct during prosecution before the Patent and Trademark Office.")

Petitioner committed inequitable conduct and then, as the sole shareholder and president of OCP, sought to enforce the ill-gotten patents. Considering Petitioner's

scienter, the District Court was amply justified in exercising its discretion to assess a fee award to prevent such injustice.

> An applicant's fraud on the Patent Office is enough standing alone to convert his later infringement action into an exceptional case within the meaning of section 285. But conduct short of fraud and in excess of simple negligence is also an adequate foundation for deciding that a patent action is exceptional. Such conduct is a serious breach of the patentee's duty to the Patent Office. *The party who succeeds in invalidating the unlawful patent performs a valuable public service.* It is appropriate under such circumstances to reward the prevailing party by giving him attorney's fees for his efforts, and *it is equally appropriate to penalize in the same measure the patentee* who obtained the patent by his wrongdoing. [citations omitted.]

Monolith Portland Midwest Company v. Kaiser Aluminum & Chemical Corporation, 407 F.2d 288, 294 (9th Cir. 1969) (emphasis added).

Even though Petitioner personally committed the inequitable conduct necessitating the fee award, he now seeks to avoid accountability for his wrongdoing relying on a totally inapposite Supreme Court civil rights case, *Kentucky v. Graham*, 473 U.S. 159 (1985). *Based upon sovereign immunity*, this Court there held that a government employer cannot be joined in a lawsuit and held vicariously liable for a fee award based on torts committed by governmental employees depriving citizens of constitutional rights (i.e. police brutality). In other words, the

Court held that if the government is immune from liability for *damages* associated with the wrongdoing, then it is *also immune* from liability for the associated fee award. *Kentucky v. Graham* did not hold that the person who actually committed the wrongdoing cannot be held accountable for a fee award.

The Federal Circuit correctly construed *Graham*, noting as follows:

> The heart of the issue in *Graham* was whether the government could be held vicariously liable for fees awarded on the basis of acts of its individual employees when they are acting outside the scope of their lawful duties – an issue most definitely not present here.

Appeal II, supra at 1348. (Found also in Appendices for Petition for Cert. at p. 24).

Unlike *Graham*, here we are dealing with simple application of traditional principles of tort liability. It is literally hornbook law that an agent or employee is personally liable for his own wrongdoing regardless of whether that liability can be imputed to the principal. For instance, Professor Prosser notes as follows:

> *Concerted Action*
>
> Where two or more persons act in concert, it is well settled both in criminal and in civil cases that each will be liable for the entire result. Such concerted wrongdoers were considered 'joint tort feasors' by the early common law. In legal contemplation, there is a joint enterprise, and a mutual agency, so that the act of one is the act of all, and liability for all that is done must be visited upon each. . . .

Vicarious Liability

> The liability of a master for the acts of his servant, or that of a principal for those of his agent, within the scope of the employment or agency, stands upon much the same footing. Under the doctrine of respondeat superior, the master becomes responsible for the same act *for which the servant is liable*, and for the same consequences. Again there is no logical basis for any division of damages between the two.

Prosser, *Handbook of the Law of Torts*, 4th ed. §52, pps. 314, 315 (1971) (emphasis added).

Contrary to Petitioner's intimations, this case has nothing to do with piercing the corporate veil to impose liability on corporate owners as a result of the wrongdoing of others. The courts below held Petitioner personally accountable for his own wrongdoing, correctly noting that if an owner or employee of a corporation actually committed the tort for which liability is imputed to the corporation, the individual is jointly liable and accountable for his wrongdoing, whether or not grounds exist for piercing the corporate veil.

> In general, a corporate officer is personally liable for his tortious acts, just as any individual may be liable for a civil wrong. This general rule does not depend on the same ground as 'piercing the corporate veil,'. . . .

Hoover Group, Inc. v. Custom Metalcraft, Inc., 84 F.3d 1408, 1411 (Fed. Cir. 1996). See also *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565, 1579 (Fed. Cir. 1986)

("[O]fficers of a corporation are personally liable for tortious conduct of the corporation if they personally took part in the commission of the tort. . . . ").

Indeed, in *Hoover*, the Federal Circuit specifically noted that a corporate official is jointly liable with the corporation when the wrongdoing was specifically attributable to "culpable intent or bad faith on the part of the officer; or . . . personal commitment of a fraudulent or grossly negligent act." *Hoover, supra* at 1411.

In the patent prosecution context, it is clear that an applicant who commits inequitable conduct, albeit on behalf of a corporate assignee of the invention, is nonetheless accountable for such wrongdoing, and the District Court has discretion to assess the fee award against the individual wrongdoer. For example, in *Hughes v. Novi American, Inc.*, 724 F.2d 122 (Fed. Cir. 1984), Hughes, the patentee, was found to have committed inequitable conduct in association with procuring patents later assigned to a corporate entity. Based in part upon Hughes's inequitable conduct, the District Court found the case to be "exceptional" and assessed a fee award against Hughes individually and Oakwood, the assignee corporation. Reviewing Hughes's appeal of the fee award against him individually, the Federal Circuit noted that "Hughes was guilty of fraud in procuring the patents." *Id.* at 123. Based in part on Hughes's personal involvement in the wrongdoing, the Court found that "[n]o abuse of discretion has been demonstrated with respect to the award against Hughes." *Id.* at 126. See also *Machinery Corp., supra* at 475 ("This court has held that an individual may be assessed fees under §285 if his conduct supports a finding that the case is exceptional.").

At this late juncture, Petitioner now claims that he should be allowed to re-litigate all of the factual issues previously litigated in his capacity as president and sole shareholder of OCP. However, as the record on review reflects, essentially the only argument Petitioner offered below to preclude joining him as a party was his claim that the amendment should be barred because of delay. Nowhere in the record on review did Petitioner seek to re-litigate the finding of fact that he personally committed wrongdoing adequate to justify the fee award, and therefore Petitioner has waived this contention. See *Browning-Ferris Industries, supra*. In any event, as implicitly held by the courts below, because of Petitioner's active participation and control of the litigation and undisputed "privity" with OCP, Petitioner would be collaterally estopped from re-litigating this issue of fact. More specifically, as succinctly stated by this Court,

> a right, question, or fact distinctly put in issue, and directly determined by a court of competent jurisdiction . . . cannot be disputed in a subsequent suit between the same parties *or their privies*. . . .

Montana v. United States, 440 U.S. 147, 153 (1979) (quoting *Southern Pacific R. Co. v. United States*, 168 U.S. 1, 48-49 (1897) (emphasis added)).

Never questioning that he is collaterally estopped from challenging the finding that his personal wrongdoing justified a fee award, Petitioner now relies on *Zenith Corp. v. Hazeltine*, 395 U.S. 100 (1969), which Petitioner misconstrues as holding that joinder post-judgment is not appropriate even if the joined party is precluded from

challenging the findings of fact in the underlying litigation. The key distinction missed by Petitioner is that in *Hazeltine*, unlike in the present case, the judgment obligor was *never* made a party. The actual point recognized there was that "[i]t is elementary that one is not bound by a judgment *in personam* resulting from litigation in which *he is not designated as a party or to which he has not been made a party by service of process.*" *Id.* at 110 (emphasis added). In this case, Petitioner was made a party! Granted, Petitioner was not formally served with process; however, because he personally entered a general appearance, he waived the right to require formal service and thus became fully subject to the jurisdiction of the District Court. (See Appendix hereto.)

In short, hidden behind a cloud of factual contentions and legal arguments not heretofore raised in the record on review, the real issue for which certiorari is sought is whether the District Court abused its discretion in allowing amendment to join Petitioner as a party. The appellate court held that the District Court did not abuse its discretion. This is not the type of issue for which certiorari should be granted.

There is no conflict among the Circuits relating to the pertinent issue. Petitioner claims there are "conflicting Court of Appeals decisions." (See Petition for Cert. at p. 11.) However, the "conflict" alleged by Petitioner is a misperceived conflict *within* the Federal Circuit, not a conflict *among* the Circuits. Because there is no conflict *among* the Circuits, this is not the type of issue for which certiorari should be granted.

Moreover, even the Federal Circuit cases referenced by Petitioner are completely consistent. Petitioner notes that, in *Fromson v. Citiplate, Inc.*, 886 F.2d 1300 (Fed. Cir. 1989), the Federal Circuit allowed post-judgment amendment to join a new party, whereas, in *Datascope Corp. v. SMEC, Inc.*, 964 F.2d 1043 (Fed. Cir. 1992), the Federal Circuit affirmed a District Court finding of undue delay and therefore denial of joinder of a new party. In both cases, however, the Federal Circuit correctly focused on whether any abuse of discretion was committed by the respective District Courts and, based upon the peculiar facts of each, held that there was no such abuse. Thus, even if the Court were inclined to scrutinize an "intra-Circuit" conflict, there is no conflict to resolve.

CONCLUSION

Petitioner's argument that the District Court lacked personal jurisdiction over him because he was not served with process was not raised below, either in the District Court or the Circuit Court. Accordingly, Petitioner has waived that argument and the Court should not consider Petitioner's Question 1.

As to Petitioner's Question 2, the courts consistently hold that an individual may be held personally liable for his own tortious acts committed for the benefit of a corporation. Further, there is no conflict among the Circuits as to whether an award of attorneys' fees may properly be assessed against an individual based on that

individual's inequitable conduct before the PTO. Accordingly, there is no basis for granting certiorari as to Question 2.

For all the foregoing reasons, Respondents respectfully request that the Court deny the Petition for Writ of Certiorari.

Respectfully submitted,

JACK ALLEN WHEAT
(*Counsel of Record*)
VANCE ARMENTROUT SMITH
JOEL THOMAS BERES
JOHN WILLIAM SCRUTON
WHEAT, SMITH & BERES, PLC
1515 Citizens Plaza
500 W. Jefferson Street
Louisville, Kentucky 40202-2857
(502) 585-2040

Counsel for Respondents

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION

OHIO CELLULAR PRODUCTS CORP.,

Plaintiff,

-vs-

ADAMS USA, INC., et al.,

Defendant.

Case No. 3:94 CV 7251

JUDGMENT ENTRY

(Filed Sep. 22, 1999)

KATZ, J.

For the reasons stated in the Memorandum Opinion filed contemporaneously with this entry, IT IS HEREBY ORDERED, ADJUDGED and DECREED that Donald Nelson's motion for relief from judgment (Doc. No. 169) is denied.

/s/ David A. Katz
DAVID A. KATZ
U.S. DISTRICT JUDGE

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION

OHIO CELLULAR PRODUCTS CORP.,

Plaintiff,

-vs-

ADAMS USA, INC., et al.,

Defendant.

Case No. 3:94 CV 7251

MEMORANDUM OPINION

(Filed Sep. 22, 1999)

KATZ, J.

This matter is before the Court on Third-Party Defendant Donald Nelson's motion for relief from judgment pursuant to Federal Rule of Civil Procedure 60(b)(4). For the following reasons, Nelson's motion will be denied.

BACKGROUND

Plaintiff Ohio Cellular Products Corporation ("Ohio Cellular") brought this patent infringement action against Defendants on May 19, 1994. In a judgment rendered on October 11, 1995, this Court found that the patents Plaintiff sought to enforce against Defendants were invalid, and granted Defendants' motion for summary judgment. That finding was subsequently affirmed by the Court of Appeals for the Federal Circuit.

Defendants then moved for attorney fees on the dual grounds that Plaintiff engaged in inequitable conduct before the Patent and Trademark Office ("PTO"), and that Plaintiff engaged in vexatious and/or unjustified litigation. In a judgment rendered on February 12, 1997, and

reaffirmed on September 25, 1997, this Court granted the motion for attorney fees on the sole ground that Plaintiff had engaged in inequitable conduct before the PTO. That finding was grounded in a factual determination that Plaintiff's president and sole shareholder, Donald Nelson, had intentionally failed to disclose to the PTO the existence of a material piece of prior art, Patent No. 4,524,037, held by Michel Marc.

After entry of that judgment, the parties attempted to negotiate the amount of attorney fees. On October 13, 1997, in connection with the fee negotiations, Plaintiff's counsel sent Defendants' counsel a letter stating:

> I am writing to potentially save you some time. The fact is that if the attorney fee award exceeds a very limited amount, you will not collect it because the company will be liquidated. If you wish to discuss a resolution on a nominal basis, please let me know.

The negotiations were not successful. On October 27, 1997, Defendants submitted a fee petition and bill of costs to the Court. On January 20, 1998, this Court granted Defendants' fee petition in the total amount of $178,888.51, exclusive of interest.

On February 3, 1998, Defendants filed a motion to add Nelson as a third-party defendant because they feared that if the judgment was not amended to subject Nelson to individual liability, they would be unable to collect all or most of the fees owed them. This Court granted Defendants' motion on March 25, 1998. On April 8, 1998, Nelson filed a motion to alter or amend that judgment, which this Court denied on May 18, 1998. That

ruling was subsequently affirmed by the Court of Appeals for the Federal Circuit.

Now, after two unsuccessful challenges on the merits at the trial court level, and one unsuccessful challenge at the appellate level, Nelson has filed another motion for relief from the judgment naming him as a third-party defendant in this case. Nelson now argues that the March 25, 1998 judgment was improper, because no complaint was ever filed against him, and because he was not properly served with process.

Defendants have responded to Nelson's motion; Nelson has filed a reply; and Defendants have filed a surreply. The Court discusses the parties' contentions below.

Discussion

Since Nelson filed his motion for relief from judgment outside of the ten-day period specified in Fed. R. Civ. P. 59, the Court must consider it under the significantly higher standard applicable to a motion made under Fed. R. Civ. P. 60(b). Unlike a timely Rule 59 motion, which may be granted "for any of the reasons for which rehearings have heretofore been granted in suits in equity in the courts of the United States," a Rule 60(b) motion may be granted only for certain specified reasons:

> (1) mistake, inadvertence, surprise, or excusable neglect; (2) newly discovered evidence which by due diligence could not have been discovered in time to move for a new trial under Rule 59(b); (3) fraud (whether heretofore denominated intrinsic or extrinsic), misrepresentation, or other misconduct of an adverse party; (4) the judgment is void; (5) the judgment has been satisfied, released, or discharged, or a prior judgment upon which it is based has been reversed or otherwise vacated, or it is no longer equitable that the judgment should have prospective application; or (6) any other reason justifying relief from the operation of the judgment.

Fed. R. Civ. P. 60(b). In reviewing a motion made under Rule 60(b), the Court's inquiry is limited to determining whether one of the specified circumstances exists in which Nelson is entitled to reopen the merits of his underlying claims and defenses. *See Feathers v. Chevron U.S.A., Inc.*, 141 F.3d 264, 268 (6th Cir. 1998); *Peake v. First Nat'l Bank & Trust Co.*, 717 F.2d 1016, 1020 (6th Cir. 1983). A motion for reconsideration is not a vehicle whereby a party may present arguments inexplicably omitted in prior proceedings. *Karr v. Castle*, 768 F. Supp. 1087, 1093 (D. Del. 1991), *citing Brambles U.S.A., Inc. v. Blocker*, 735 F. Supp. 1239 (D. Del. 1990).

Nelson has moved for relief under Rule 60(b)(4), arguing that the judgment entered against him is void. A judgment is void "if the court that rendered it lacked jurisdiction of the subject matter, or of the parties, or if it acted in a manner inconsistent with due process of law." *Antoine v. Atlas Turner, Inc.*, 66 F.3d 105, 108 (6th Cir. 1995). Nelson argues that the Court lacked personal jurisdiction over him because no complaint was ever filed against him, and because he was not served with process.

The Federal Rules of Civil Procedure provide that a challenge to personal jurisdiction, insufficiency of process, or insufficiency of service of process is waived if not made in the party's first responsive pleading or motion. Fed. R. Civ. P. 12(h). It is not disputed that Nelson did not, in any of his prior pleadings, make the objections he now seeks to raise.

Nelson argues at length that he should not be held to have waived his objections to personal jurisdiction and service of process, however, because (a) an objection prior to his being added as a third-party defendant in this case would have been premature, and (b) an objection immediately after entry of judgment against him was not required in order to preserve the defense, since the judgment was already void.

Nelson's argument is meritless. Courts addressing waiver of objections to personal jurisdiction or service of process have consistently held that those defenses are waived if not raised in the defendant's first significant defensive move, even if that move is not an answer or motion. *See* 5A Charles Alan Wright & Arthur R. Miller, Federal Practice and Procedure § 1391 (1990); *accord* 2 James Wm. Moore, Moore's Federal Practice §§ 12.22 & 12.33[2] (1997). When a defendant engages in conduct that leads a plaintiff to believe that service is adequate or that he will not interpose a defense to service of process, that defense is waived. *Trustees of Cent. Laborers' Welfare Fund v. Lowery*, 924 F.2d 731, 734 (7th Cir. 1991); *Broadcast Music, Inc. v. M.T.S. Enters., Inc.*, 811 F.2d 278, 281 (5th Cir. 1987); *Benveniste v. Eiseman*, 119 F.R.D. 628, 629-30 (S.D.N.Y. 1988); *accord Continental Bank, N.A. v. Meyer*, 10

F.3d 1293, 1296-97 (7th Cir. 1993) (party that raised personal jurisdiction in answer waived objection to personal jurisdiction by participating in litigation of the merits for over two and one-half years without actively contesting personal jurisdiction); *S.E.C. v. Cherif*, 933 F.2d 403, 416 (7th Cir. 1991) (defendant waived objection to sufficiency of service by failing to raise issue in motion to modify preliminary injunction).

Defendants moved to add Nelson as a third-party Defendant in this case on February 3, 1998. It is not disputed that Nelson has had actual knowledge of Defendants' third-party claim against him since that motion was served on his counsel at that time. Plaintiff Ohio Cellular Products, which is completely controlled by Nelson, opposed Defendants' motion to add Nelson as a third-party defendant on the merits, without ever raising a challenge to personal jurisdiction or service of process. Nelson personally moved for reconsideration of this Court's decision to add him as a third-party defendant on the merits, without ever raising a challenge to personal jurisdiction or service of process. Nelson then appealed this Court's decision to the Federal Circuit, and conducted his appeal in his own name for over a year, without ever raising a challenge to personal jurisdiction or service of process. If Nelson had raised such an objection at the proper time, Defendants could easily have cured whatever defects existed by serving him with process at that time.

Since Nelson did not object to either personal jurisdiction or service of process at the proper time, those objections are waived.

CONCLUSION

For the foregoing reasons, Donald Nelson's motion for relief from judgment is denied.

IT IS SO ORDERED.

/s/ David A. Katz
DAVID A. KATZ
U.S. DISTRICT JUDGE

Supreme Court, U.S.
FILED
NOV 1 1999
OFFICE OF THE CLERK

(3)

Case No. 99-502

In the
United States Supreme Court

DONALD E. NELSON,
Petitioner,

v.

ADAMS USA, INC.
AND
APEHEAD MANUFACTURING, INC.
Respondents.

On Petition for Writ of Certiorari to the
United States Court of Appeals for the Federal Circuit

PETITIONER'S REPLY TO RESPONDENTS' BRIEF IN OPPOSITION

DEBRA J. DIXON, ESQ. (Counsel of Record)
JAMES L. DEESE, ESQ.
700 West St. Clair Avenue, Suite 216
Cleveland, Ohio 44113
(216) 621-9100
Attorneys for Petitioner

5pp

REASONS FOR GRANTING THE WRIT

I.

This Court Should Grant Certiorari so that it Can Delineate the Limits that the United States Constitution Places Upon the Liberal Amendment and Joinder Provisions of the Federal Rules of Civil Procedure.

Petitioner here challenges the power of the district court to amend a judgment to include a non-party as a judgment debtor, without first following the procedural requirements for joinder set forth in the Federal Rules of Civil Procedure. In reply, respondents argue at page 12 of their Brief in Opposition that petitioner, despite the fact that he never was served with process, was not a "non-party" because he had been "made a party." True, the district court granted respondents' motion for leave to amend to join petitioner as a party. However, respondents never followed the rules that set forth the procedure for joining a party once such leave has been granted. Those rules and the due process clause of the Fourteenth Amendment to the United States Constitution required respondents to file, and serve a third party complaint upon, petitioner. Their failure to do so is fatal to their right to have judgment rendered against him.

Regrettably, after having failed to follow the requirements of the federal rules and the due process clause, respondents now point to an alleged failure on the part of petitioner to raise the "due process" argument before the district court and the court of appeals. However, on account of respondents' deliberate and un-excused failure to follow the rules and due process requirements for joining a party to litigation, petitioner was ***not***, as respondents claim, a party. Therefore, as a non-party, he had neither the duty, nor the opportunity, to raise lack of due process as a defense. Nevertheless, despite the fact that petitioner never was afforded the opportunity to raise the due process defense, by way of filing an answer or pre-answer motion to a properly filed third party complaint, he did raise, both before the district court and the court of appeals, the issue of lack of

notice – an issue that goes to the heart of due process. *Mullane v. Central Hanover Bank & Trust Co.*, 339 U.S. 306 (1950).

Not only did petitioner raise the due process issue, but also Federal Circuit Judge Newman, in her dissent to the decision below, addressed it length. Judge Newman wrote:

> The fundamentals of due process are notice and the opportunity to defend against the noticed liability * * *. Omitting the person to be charged until after judgment has been entered can not circumvent these fundamental principles.

[April 26, 1999 Decision and Opinion of the United States Court of Appeals for the Federal Circuit at p. 35 of the Appendix to Petitioner's Petition for Writ of Certiorari].

Based upon Judge Newman's lengthy dissent regarding due process, there is no basis to respondents' objection that petitioner failed to raise the issue in the courts below. Accordingly, this Court should grant the instant Petition for Writ of Certiorari.

Respondents next argue that the alleged "appearance" of petitioner, ***after*** judgment had been rendered against him, waived his right to assert his claim that he never was served with process. Contrary to respondents' argument, however, it is well settled that a person's mere appearance in an action (especially when the person has not yet properly been joined as a party) does not waive that person's right to raise the defense of lack of personal jurisdiction. *Orange Theatre Corp. v. Rayherstz Amusement Corp.*, 139 F.2d 871(3rd Cir. 1944), *cert. den. sub nom., Orange Theatre Group v. Brandt*, 322 U.S.744 (1944). In the instant case, petitioner's ***post-judgment*** appearance could not conceivably have waived his defenses of lack of personal jurisdiction and lack of service of process. As of the date of petitioner's post-judgment appearance, there having been neither the filing nor the service of a third party complaint, no answer or responsive motion was due, and therefore, petitioner had neither any obligation (under Fed. R. Civ. P. 12), nor any ability, to raise the service and jurisdictional defenses. Fed. R. Civ. P. 12 provides the exclusive means by which a party may raise

defenses such as lack of personal jurisdiction and service of process. Because respondents disregarded the Federal Rules of Civil Procedure and neither filed nor served a third party complaint upon petitioner, he never had the opportunity to assert, under Fed. R. Civ. P. 12, the defenses that respondents now claim he has waived. Thus, no question exists that the procedure utilized by the district court and respondents to join petitioner as a party was seriously flawed and, to rectify this flaw, the Court should review this case.

Respondents also argue in their Brief in Opposition that the issue of petitioner's liability was thoroughly litigated by his corporation, Ohio Cellular Products, and therefore, because he was in "privity" with Ohio Cellular Products (by virtue of the fact that he "controlled the litigation"), he is "collaterally estopped" from relitigating the issue of his personal liability. [Respondents' Brief in Opposition at p. 18]. However, petitioner's collateral estoppel argument clearly is misplaced because this Court expressly rejected the precise same argument in *Zenith Corp. v. Hazeltine*, 395 U.S. 100 (1969). In *Zenith Corp.*, the district court, in rendering judgment against a corporation, HRI, included the corporation's owner, Hazeltine, in the judgment, because, among other reasons, one of Hazeltine's officers, Dodds, allegedly "controlled the litigation." This Court, in affirming the court of appeals' reversal of that judgment, rejected the district court's reasoning and held:

> Likewise, were it shown that Hazeltine through its officer, Dodds, in fact controlled the litigation on behalf of HRI, and if the claim were made that the judgment against HRI would be res judicata against Hazeltine because of this control, ***that claim itself could be finally adjudicated against Hazeltine only in a court with jurisdiction over that company.***

Zenith Corp., 395 U.S. at 111 [emphasis added].

Thus, although collateral estoppel and its close cousin, res judicata, ***may*** be legitimate issues because of alleged privity between petitioner and Ohio Cellular Products, those issues may be adjudicated against petitioner ***only in a court that has obtained jurisdiction over him by valid service of process.*** *Id.*, at 110. Because the

district court ***never*** obtained service of process over petitioner, the collateral estoppel issue that respondents now have raised remains to be litigated. Accordingly, this court should accept review of this case so that it can reaffirm the principles of its decision in *Zenith Corp*. Otherwise, a substantial departure from that decision will be allowed to stand.

Finally, respondents argue that it was proper for the district court to hold petitioner personally accountable under traditional tort principles of vicarious liability. [Respondents' Brief in Opposition at p. 15]. Petitioner agrees with the general applicability of tort principles to the attorneys' fees issue in this case. Unfortunately, the district court did not hear this case, at least against petitioner, as a typical tort case. Had the district court heard and conducted this case as a typical tort liability case, petitioner would have had the opportunity, as would any tort defendant, to defend, on the merits, the issue of whether he should be vicariously liable for the conduct of his corporation, Ohio Cellular Products. The district court simply ignored this step, which is crucial in any tort litigation, and entered judgment against petitioner under a theory of vicarious liability when there were triable issues of fact and defenses to be raised under Fed. R. Civ. P. 12.

No question exists that the manner in which the district court rendered judgment against petitioner has grave consequences for any claim involving vicarious liability that should come before the federal courts. Based upon the Federal Circuit Court of Appeals' affirmance of the district court's finding of vicarious liability, any plaintiff in a federal court action can circumvent litigation of vicarious liability issues (such as *respondeat superior*), by simply proceeding to judgment against one party then, as respondents did in the instant case, amending that judgment to include the party's principal without giving that principal the opportunity to defend, on the merits, his or her liability. Given the fact that, in the instant case, the Federal Circuit Court of Appeals established a precedent that could have potentially disastrous consequences on future tort litigation in the federal court system, this Court should exercise its supervisory power and review the court of appeals' decision. By doing such, this Court can ensure that, in the future, issues involving vicarious liability, where they are disputed as they are in the instant case, are decided on the merits ***before judgment*** and not by means of post-judgment amendments.

CONCLUSION

For the foregoing reasons, petitioner respectfully requests that this Court grant certiorari.

Respectfully submitted,

DEBRA J. DIXON, ESQ., Counsel of Record
JAMES L. DEESE, ESQ.
700 West St. Clair Avenue, Suite 216
Cleveland, OH 44113
(216) 621-9100
Attorneys for Petitioner

(6)

Supreme Court, U.S.
FILED
JAN 18 2000
OFFICE OF THE CLERK

No. 99-502

In The

Supreme Court of the United States

DONALD E. NELSON,

Petitioner,

v.

ADAMS USA, INC. AND
APEHEAD MANUFACTURING, INC.,

Respondents.

On Writ Of Certiorari
To The United States Court Of Appeals
For The Federal Circuit

JOINT APPENDIX

JACK A. WHEAT
(Counsel of Record)
VANCE A. SMITH
JOEL T. BERES
JOHN W. SCRUTON
STITES & HARBISON
1515 Citizens Plaza
500 W. Jefferson Street
Louisville, Kentucky
40202-2857
(502) 585-2040

Attorneys for Respondents

DEBRA J. DIXON
(Counsel of Record)
JAMES L. DEESE
DEBRA J. DIXON & ASSOCIATES
700 West St. Clair Avenue
Suite 216
Cleveland, Ohio 44113
(216) 621-9100

Attorneys for Petitioner

Petition For Certiorari Filed September 2, 1999
Certiorari Granted November 29, 1999

217 pp

TABLE OF CONTENTS

Page

Relevant Docket Entries 1

April 7, 1995 Stipulation and Order Granting Motion for a Protective Order 38

United States Patent No. 4,980,110 (Plaintiff's Exhibit 1 to Evidentiary Appendix in Support of Adams USA, Inc. Motion for Summary Judgment) 45

United States Patent No. 5,273,702 (Plaintiff's Exhibit 2 to Evidentiary Appendix in Support of Adams USA, Inc. Motion for Summary Judgment) 68

United States Patent No. 4,524,037 (Defendants' Exhibit 1 to Evidentiary Appendix in Support of Adams USA, Inc. Motion for Summary Judgment) 92

Excerpts from the Transcript of the December 19, 1994 Deposition of Donald Nelson (pp. 5, 39, 79-82, 98, 99, 155-165) 102

Excerpts from the Transcript of the March 24, 1995 Deposition of Ramond Pleiness (pp. 25-29) 121

Excerpts from the Transcript of the April 28, 1995 Deposition of Ohio Cellular Products Corporation (Donald Nelson Fed. R. Civ. P. 30(b)(6) designee) (pp. 8, 12, 13, 76-79, 116-118) 126

April 21, 1995 correspondence from Attorney Jack A. Wheat to Attorneys Donald F. Melhorn, Jr. and Steven Funk (appended to Defendants' Motion for Attorneys' Fees) 136

TABLE OF CONTENTS – Continued

Page

February 12, 1997 Judgment Entry and Memorandum Opinion of the United States District Court, Northern District of Ohio (Western Division) .....(Pet. App.) 41*

Excerpts from the Transcript of the July 22, 1997 Deposition of Peter Halstead (pp. 6-14, 26, 27)... 140

September 25, 1997 Judgment Entry and Memorandum Opinion of the United States District Court, Northern District of Ohio (Western Division) .....(Pet. App.) 57

January 20, 1998 Judgment Entry and Memorandum Opinion of the United States District Court, Northern District of Ohio (Western Division) .....(Pet. App.) 66

October 13, 1997 correspondence from Attorney Richard Kerger to Attorney Jack Wheat (appended to Defendants' Motion to Amend Judgment and to Amend Third Party Complaint to Join Additional Third Party Defendant)..... 150

March 25, 1998 Judgment Entry and Memorandum Opinion of the United States District Court, Northern District of Ohio (Western Division) .....(Pet. App.) 77

Excerpts from the Transcript of the May 6, 1997 hearing (pp. 27-33, 36-49, 53, 59-65, 68-70, 77, 78, 82-84, 107, 108, 115, 127, 128, 131, 132)..... 151

---

* Page numbers with "Pet. App." before them are reprinted in the appendix to the Petition for Writ of Certiorari.

TABLE OF CONTENTS – Continued

Page

May 6, 1997 hearing, Plaintiff's Exhibit 12 (pages 1-5) (November 11, 1992 Dialog Report on "Clint" search)..... 192

May 6, 1997 hearing, Plaintiff's Exhibit 13 (November 20, 1992 Declaration of Donald Nelson under 37 C.F.R. § 1.47(a) with respect to United States Patent Application No. 790,222 and Exhibit B thereto (the October 6, 1992 correspondence from Attorney David Purdue to James Lammy))..... 201

May 6, 1997 hearing, Plaintiff's Exhibit 14 (July 15, 1993 Attachment to the Notice of Allowability) .. 208

May 6, 1997 hearing, Defendants' Exhibit 28 (November 12, 1992 correspondence from Attorney Robert Fieseler to Petitioner Donald Nelson)..... 210

April 26, 1999 Decision and Opinion of the United States Court of Appeals for the Federal Circuit .....(Pet. App.) 17

June 3, 1999 Order of the United States Court of Appeals for the Federal Circuit denying Petitioner's Motion for Rehearing 213

RELEVANT DOCKET ENTRIES

TERMED APPEAL

U.S. District Court
Northern District of Ohio (Toledo)

CIVIL DOCKET FOR CASE #:94-cv-7251

Filed: 05/19/94

Ohio Cellular Prod v. Adams USA, Inc., et al
Assigned to: Judge David A. Katz
Demand: $0,000
Lead Docket: None
Dkt# in other court: None
Jury demand: Both
Nature of Suit: 830
Jurisdiction: Federal Question

Cause: 28:1331 Fed. Question

OHIO CELLULAR PRODUCTS CORPORATION
plaintiff
Phillip S. Oberlin, Esq.
[term 08/11/98]
[COR LD NTC]
Steven J. Funk, Esq.
[term 08/11/98]
[COR LD NTC]
Marshall & Melhorn
Four Seagate
8th Floor
Toledo, OH 43604
419-249-7100
FTS 249-7151

Ernest R. Bazzana, Esq.
[term 09/21/99]
[COR LD NTC]
Robert G. Kamenec, Esq.
[term 09/21/99]

[COR LD NTC]
Plunkett & Cooney
243 West Congress
Detroit, MI 48226-3260
313-983-4735

James L. Deese, Esq.
[COR LD NTC]
Debra J. Dixon, Esq.
[COR LD NTC]
Law Offices Of Debra J. Dixon
216 Hoyt Block Bldg.
700 West St. Clair Avenue
Cleveland, OH 44113
216-621-9100
FTS 621-7575

Richard M. Kerger, Esq.
[term 05/15/98]
[COR LD NTC]
Kerger & Kerger
33 South Michigan Street
Toledo, OH 43602
419-255-5990
FTS 255-5997

v.

ADAMS USA, INC.
defendant

Robert A. Bunda, Esq.
[COR LD NTC]
John Charles Stewart, Esq.
[COR LD NTC]
Bunda, Stutz & DeWitt
One Seagate
Ste. 650
Toldeo, OH 43604
419-254-3109

Jack A. Wheat, Esq.
[COR LD NTC]
Joel T. Beres, Esq.
[COR LD NTC]
Vance A. Smith, Esq.
[COR LD NTC]
John Scruton, Esq.
[COR LD NTC]
Wheat, Camoriano, Smith & Beres
1515 Citizens Plaza
500 West Jefferson Street
Louisville, KY 40202-2346
502-585-2040

APEHEAD MANUFACTURING INC.
defendant

Jack A. Wheat, Esq.
(See above)
[COR LD NTC]
Joel T. Beres, Esq.
(See above)
[COR LD NTC]

OHIO CELLULAR PRODUCTS CORPORATION
third-party plaintiff

Phillip S. Oberlin, Esq.
[term 08/11/98]
[COR LD NTC]
Steven J. Funk, Esq.
[term 08/11/98]
[COR LD NTC]
Marshall & Melhorn
Four Seagate
8th Floor
Toledo, OH 43604
419-249-7100
FTS 249-7151

Ernest R. Bazzana, Esq.
[term 09/21/99]
[COR LD NTC]
Robert G. Kamenec, Esq.
[term 09/21/99]
[COR LD NTC]
Plunkett & Cooney
243 West Congress
Detroit, MI 48226-3260
313-983-4735

Richard M. Kerger, Esq.
[term 08/11/98]
[COR LD NTC]
Kerger & Kerger
33 South Michigan Street
Toledo, OH 43602
419-255-5990
FTS 255-5997

v.

ALL AMERICAN SPORTS CORPORATION
third-party defendant

ADAMS USA, INC.
counter-claimant

Robert A. Bunda, Esq.
[COR LD NTC]
John Charles Stewart, Esq.
Bunda, Stutz & DeWitt
One Seagate
Ste. 650
Toledo, OH 43604
419-254-3109

Jack A. Wheat, Esq.
[COR LD NTC]
Joel T. Beres, Esq.
[COR LD NTC]
Vance A. Smith, Esq.
[COR LD NTC]
Wheat, Camoriano, Smith & Beres
1515 Citizens Plaza
500 West Jefferson Street
Louisville, KY 40202-2346
502-585-2040

v.

OHIO CELLULAR PRODUCTS CORPORATION
counter-defendant

Phillip S. Oberlin, Esq.
[term 08/11/98]
[COR LD NTC]
Steven J. Funk, Esq.
[term 08/11/98]
[COR LD NTC]
Marshall & Melhorn
Four Seagate
8th Floor
Toledo, OH 43604
419-249-7100
FTS 249-7151

Ernest R. Bazzana, Esq.
[term 09/21/99]
[COR LD NTC]
Robert G. Kamenec, Esq.
[term 09/21/99]
[COR LD NTC]
Plunkett & Cooney
243 West Congress
Detroit, MI 48225-3260
313-983-4735

Richard M. Kerger, Esq.
[term 08/11/98]
[COR LD NTC]
Kerger & Kerger
33 South Michigan Street
Toldeo, OH 43602
419-255-5990
FTS 255-5997

APEHEAD MANUFACTURING INC.
third-party plaintiff

Jack A. Wheat, Esq.
[COR LD NTC]
Joel T. Beres, Esq.
[COR LD NTC]
Wheat, Camoriano, Smith & Beres
1515 Citizens Plaza
500 West Jefferson Street
Louisville, KY 40202-2346
502-585-2040

v.

ALL AMERICAN SPORTS CORPORATION
third-party defendant

Steven J. Funk, Esq.
[COR LD NTC]
Marshall & Melhorn
Four Seagate
8th Floor
Toledo, OH 43604
419-249-7100
FTS 249-7151

Richard M. Kerger, Esq.
[term 08/11/98]
[COR LD NTC]
Kerger & Kerger
33 South Michigan Street
Toledo, OH 43602
419-255-5990
FTS 255-5997

APEHEAD MANUFACTURING INC.
counter-claimant

Jack A. Wheat, Esq.
[COR LD NTC]
Joel T. Beres, Esq.
[COR LD NTC]
Wheat, Camoriano, Smith & Beres
1515 Citizens Plaza
500 West Jefferson Street
Louisville, KY 40202-2346
502-585-2040

v.

OHIO CELLULAR PRODUCTS CORPORATION
counter-defendant

Phillip S. Oberlin, Esq.
[term 08/11/98]
[COR LD NTC]
Steven J. Funk, Esq.
[term 08/11/98]
[COR LD NTC]
Marshall & Melhorn
Four Seagate
8th Floor
Toldeo, OH 43604
419-249-7100
FTS 249-7151

Ernest R. Bazzana, Esq.
[term 09/21/99]
[COR LD NTC]
Robert G. Kamenec, Esq.
[term 08/11/98]
[COR LD NTC]
Plunkett & Cooney
243 West Congress
Detroit, MI 48226-3260
313-983-4735

Richard M. Kerger, Esq.
[term 08/11/98]
[COR LD NTC]
Kerger & Kerger
33 South Michigan Street
Toledo, OH 43602
419-255-5990
FTS 255-5997

5/19/94	–	FILING FEE: on 5/19/94 in the amount of $120.00, receipt #216306. (hg)
5/19/94	1	COMPLAINT; jury demand (Service: Summons issd, magistrate consent form issd) (9 w/20 exh pgs) (dsa) [Entry date 05/20/94]
5/19/94	2	CIS filed by pltf. Recommended Track: Standard (2 pgs) (dsa) [Entry date 05/20/94]
5/19/94	3	DCM INITIAL ORDER issued. For the Court, Chief Judge Thomas D. Lambros. 2 pg(s). (dsa) [Entry date 05/20/94]
7/27/94	4	MOTION for attorney Vance A. Smith, Jack A. Wheat, Joel T. Beres to appear pro hac vice (4 pgs) (bp) [Entry date 07/28/94]

7/27/94	5	ANSWER to complaint [1-1] and COUNTERCLAIM; by defendant Adams USA, Inc. against plaintiff Ohio Cellular Prod (20 pgs) (bp) [Entry date 07/28/94]
7/27/94	5	AND THIRD-PARTY COMPLAINT: by plaintiff Ohio Cellular Prod against All American Sports (20 pgs) 3dpty summons(es) issued: ? (bp) [Entry date 07/28/94]
7/29/94	6	CERTIFICATE of service of differentiated case management initial order by plaintiff (1 pg) (bp) [Entry date 08/01/94]
8/5/94	7	RULE 19 defendant does not consent to Mag jurisdiction. (1 pg) (bp)
8/5/94	8	NOTICE OF WAIVER OF SUMMONS returned executed upon defendant Adams USA, Inc. on 7/29/94 (1 pg) (bp)
8/10/94	9	ORDER: granting motion for attorney Vance A. Smith, Jack A. Wheat, Joel T. Beres to appear pro hac vice [4-1] (issued 8/10/94) (2 pgs) Judge James G. Carr (bp) [Entry date 08/12/94]
8/17/94	10	MOTION by plaintiff to extend time until 9/14/94 to resp to deft's counterclaim (3 pgs) (bp) [Entry date 08/18/94]
8/19/94	11	JUDGMENT ENTRY: gr pltf's mot to ext time until 9/14/94 to resp to deft's counterclaim [10-1] (issued on 8/19/94) (2 pgs) Judge James G. Carr (bp) [Entry date 08/22/94]

9/2/94	12	CASE MANAGEMENT CONFERENCE scheduling notice. case management conference set 2:15 9/16/94 (issued on 9/2/94) (1 pgs) (bp) [Entry date 09/06/94]
9/13/94	13	ANSWER by counter-defendant Ohio Cellular Prod to Counterclaim [5-2] (7 pgs) (bp) [Entry date 09/14/94]
9/13/94	14	POSITION STATEMENT of defendant Re: Agenda for Case Management Conf. (3 pgs) (bp) [Entry date 09/14/94]
9/22/94	15	CASE MANAGEMENT PLAN/ORDER: Track Designation: standard, case management conference held 2:15 9/16/94; ptys decision re. conset to mag due 10/31/94; disc disclosures due 10/31/94; discovery cutoff re. liability 3/31/95; re. damages 7/15/95; Mtn cutoff for sj is 5/1/95; mot cutoff for other mots 7/31/95; status conference 1:30 p.m. on 4/21/95; firm jury trial 9:00 9/26/95 (issued on 9/22/94) (2 pgs) Judge James G. Carr (bp) [Entry date 09/26/94]
9/29/94	16	NOTICE OF WAIVER OF SUMMONS returned executed upon third-part defendant All American Sports on 9/13/94 (1 pg) (bp) [Entry date 10/05/94]
10/31/94	17	PROOF OF SERVICE by plaintiff of 1st set interr, req for prodctn of documts (2 pgs) (bp) [Entry date 11/01/94]
10/31/94	18	JOINT POSITION STATEMENT of plaintiff Ohio Cellular Prod, defendant Adams USA, Inc., third-party defendant All American Sports Re: Agenda for Case

Management Conf. (4 pgs) (bp) [Entry date 11/01/94]

11/7/94	19	ORDER: Pursuant to 11/1/94 Judges' Meeting; Case reassigned to Judge David A. Katz; subject to further order, schedules as previously set are confirmed. (issued on 11/7/94) (2 pgs) Judge James G. Carr (bp)
11/9/94	20	DISCOVERY Material – Discovery Disclosures by plaintiff directed to Court (5 pgs) (bp) [Entry date 11/10/94]
12/2/94	21	SUBPOENA returned. Issued on behalf of: deft. Served on: Donald E. Nelson on 11/30/94 by personal service. (2 pgs) (bp) [Entry date 12/05/94]
12/2/94	22	NOTICE by defendant of taking deposition & subpoena duces tecum of Donald E. Nelson on 12/19/94 at 9:30 a.m. (8 pgs) (bp) [Entry date 12/05/94]
12/2/94	23	NOTICE OF SERVICE by defendant of req to prod documts, interr, 1sst req for adms. (3 pgs) (bp) [Entry date 12/05/94]
12/12/94	24	PROOF/NOTICE OF SERVICE by defendant Adams USA, Inc. of 1st Interr & Req f/Adms to American Sports Corp (2 pgs) (ml) [Entry date 12/15/94]
1/5/95	25	MOTION by plaintiff to extend time until 1/19/95 to resp to deft's 1st req for prodctn, interr, req for adms (3 pgs) (bp) [Entry date 1/06/95]
1/17/95	26	ORDER: granting pltfs motion to extend time until 1/19/95 to resp to deft's 1st req for prodctn, interr, req for adms [25-1]

(issued on 1/17/95) (1 pg) Judge David A. Katz (ml) [Entry date 01/18/95]

1/17/95 27 PROOF/NOTICE OF SERVICE by plaintiff Ohio Cellular Prod of Responses to Interr & Req f/Adm & Ans to Req to Produce (3 pgs) (ml) [Entry date 01/18/95]

3/16/95 28 MOTION by plaintiff Ohio Cellular Prod for leave to file 1st amended complt instanter (33 pgs) (vl) [Entry date 03/17/95]

3/16/95 29 MOTION by pltf Ohio Cellular Prod and 3ddft All American Sports to extend discovery cutoff (3 pgs) (ml) [Entry date 03/17/95]

3/16/95 30 MOTION by pltf Ohio Cellular Prod and 3ddft All American Sports for protective order (2 pgs) (ml) [Entry date 03/17/95]

3/17/95 31 ATTORNEY APPEARANCE on behalf of dft/3dpla Adams USA, Inc., by atty John Charles Stewart (2 pgs) (ml) [Entry date 03/20/95]

3/17/95 32 MOTION by defendant Adams USA, Inc. for immediate telephonic conf (8 pgs) (ml) [Entry date 03/20/95]

3/17/95 32 AND OPPOSITION by defendant Adams USA, Inc. to motion to extend discovery cutoff [29-1] (8 pgs) (ml) [Entry date 03/20/95]

3/21/95 33 ORDER: granting pltf's motion to extend discovery cutoff [29-1] iscovery to be extended to 4/30/95 (issued on 3/21/95) (2 pgs) Judge David A. Katz (bp) [Entry date 03/22/95]

3/21/95 34 ORDER: the court held telephone conf; disc is ext to 4/30/95; jury trial sched for 9/26/95 is resched to commence at 9:00 a.m. on 9/27/95 (issued on 3/21/95) (1 pgs) Judge David A. Katz (bp) [Entry date 03/22/95]

3/28/95 35 NOTICE OF SERVICE by defendant of ntcdepo/req for documts dated 3/10/95 3/20/95. (3 pgs) (bp) [Entry date 03/29/95]

3/31/95 36 NOTICE by plaintiff Ohio cellular Prod of taking depositions: Gary McNabb on 4/11/95 2:00 pm, Ray Abel, Jr. 4/12//95 8:30 am, Vaughn Howard 4/12/95 1:30 pm, Jesse Boatman 4/13/95 8:30 am, John Passman 4/13/95 1:30 pm (3 pgs) (ml) [Entry date 04/03/95]

4/7/95 - MARGINAL ENTRY ORDER: granting pltf motion for leave to file 1st amended complt instanter [28-1] (issued on 4/7/95) Judge David A. Katz (ml) [Entry date 04/11/95]

4/7/95 37 AMENDED COMPLAINT by plaintiff Ohio Cellular Prod; JURY DEMAND [1-1]; adding Apehead Mfg Inc (issued none) (29 pgs) (ml) [Entry date 04/11/95]

4/7/95 38 STIPULATION and ORDER: granting pltf motion for protective order [30-1] This order shall extend to and cover all documents, things, deposition testimony, and information designated confidential by the parties or their counsel per order. (issued on 4/7/95) (8 pgs) Judge David A. Katz (ml) [Entry date 04/11/95]

4/10/95 39 SUBPOENA returned. Issued on behalf of: pltf. Served on: John Passman on 4/6/95. (2 pgs) (dsa) [Entry date 04/11/95]

4/12/95 40 JOINT AMENDED CASE MANAGEMENT PLAN/ORDER: Telephone conf held 4/15/95; disc cutoff for liability 4/30/95 (per Court order) disc start cutoff re. damages; start 7/25/95, cutoff 9/25/95; disc matter may be sched & documts srv prior to 7/25/95; but no ans due until after 7/25/95; mot cutoff for SJ is 5/15/95; resps 5/31/95; rply 6/7/95 The Court will rule on mot for by 7/25/95; mot cutoff for other mots 8/15/95; status conf originally sched for 4/21/95 is vacated; a new status conf is sched at 11:00 a.m. on 8/28/95; 8/14/95 pltf shall make a reasonable demand on defts; 8/21/95 deft to have reasonable resp to that demand; Ex parte statements re. settlement due 8/24/95; jury trl date 9/27/95; by 9/20/95 ptys to file joint concise statement, witlst, proposed jury instructions; neither pty waives its right to reset trl upon duly ntc mot setting forth good cause for the req relief. (issued on 4/12/95) (4 pgs) Judge David A. Katz (bp) [Entry date 04/13/95] [Edit date 04/13/95]

4/19/95 41 PROOF/NOTICE OF SERVICE by defendant Adams USA, Inc. of 2nd amd notice of taking depo w/Req f/Docmts (Ohio Cellular); 2nd amd notice of taking depo w/Req f/Docmts (All American Sports);

notice of taking depo of James E. Lammy, Sr. (3 pgs) (ml) [Entry date 04/21/95]

4/28/95 42 ANSWER to First Amended Complaint by defendant Adams USA, Inc. (15 pgs) (bp) [Entry date 05/01/95]

4/28/95 43 ANSWER to First Amended Complaint by defendant Apehead Mfg Inc (21 pgs) (bp) [Entry date 05/01/95]

4/28/95 43 AND COUNTERCLAIM by defendant Apehead Mfg Inc against plaintiff Ohio Cellular Prod (bp) [Entry date 05/01/95]

4/28/95 43 AND THIRD-PART COMPLAINT: by defendant Apehead Mfg Inc against All American Sports Corporation (bp) [Entry date 05/01/95]

5/15/95 44 MOTION by defendant Adams USA, Inc., defendant Apehead Mfg Inc for leave to file brief in excess of page limit (2 pgs) (als) [Entry date 05/16/95]

5/15/95 45 MOTION by defendant Adams USA, Inc., defendant Apehead Mfg Inc for summary judgment (16 pgs) (als) [Entry date 05/16/95]

5/18/95 46 ANSWER by third-party defendant All American Sports to Third Party complaint of Apehead Manufacturing (5 pgs) (bp) [Entry date 05/19/95]

5/18/95 47 ANSWER by counter-defendant Ohio Cellular Prod to Counterclaim of deft Apehead Manufacturing [43-1] (5 pgs) (bp) [Entry date 05/19/95]

5/19/95	48	ORDER: granting dfts' Adams & Apehead motion for leave to file brief in excess of page limit [44-1] (issued on 5/19/95) (2 pgs) Judge David A. Katz (ml) [Entry date 05/22/95]
5/19/95	49	MEMORANDUM by dfts Adams USA, Inc. and Apehead Mfg Inc in support of motion for summary judgment [45-1] (29 pgs) (ml) [Entry date 05/22/95]
5/19/95	50	APPENDIX by defendant Adams USA, Inc. re motion for summary judgment [45-1] (192 pgs) (ml) [Entry date 05/22/95]
5/31/95	51	MOTION by plaintiff to exceed page limitation (3 pgs) (bp)
6/2/95	–	MARGINAL ENTRY ORDER: granting pltfs' motion to exceed page limitation [51-1] (issued on 6/2/95) Judge David A. Katz (bp) [Entry date 06/05/95]
6/2/95	52	OPPOSITION by plaintiff to deft Adams motion for summary judgment w/appendix [45-1] FILED UNDER SEAL PURSUANT TO PROTECTIVE ORDER. (bp) [Entry date 06/05/95]
6/7/95	53	REPLY by defendants Adams USA, Inc. re Mot f/SJ [45-1] and pursuant to April 5, 1995 Court telephonic scheduling order. (43 pgs) (ml) [Entry date 06/08/95]
6/13/95	54	PROOF OF SERVICE by plaintiff or req for adms (2 pgs) (bp) [Entry date 06/14/95]

6/16/95	55	MOTION by plaintiff for leave to substitute completed and corrected copies (2 pgs) (bp) [Entry date 06/19/95]
6/19/95	56	PROOF/NOTICE OF SERVICE by plaintiff Ohio Cellular Prod of 2nd Req f/Prodctn of Docmts (2 pgs) (ml)
7/6/95	57	NOTICE by plaintiff of taking deposition of Adams USA, Inc., Apehead Mfg. Inc., on 7/24/95 at 9:00 a.m. (4 pgs) (bp) [Entry date 07/07/95]
7/10/95	–	MARGINAL ENTRY ORDER: granting pltf motion for leave to substitute completed and corrected copies re: Memo & Append to oppo/mot f/SJ [55-1] (issued on 7/10/95) Judge David A. Katz (ml) [Entry date 07/11/95]
7/10/95	58	OPPOSITION (corrected copies) by plaintiff to motion for summary judgment [45-1] (UNDER SEAL) (ml) [Entry date 07/11/95]
7/10/95	58	AND APPENDIX (corrected copies) by plaintiff re oppo motion for summary judgment [45-1] (UNDER SEAL) (ml) [Entry date 07/11/95] [Edit date 07/11/95]
7/17/95	59	DISCOVERY PLAN RE: FRCP 26 by dfts' Adams USA, Inc. and Apehead Mfg Inc of expert testimony (3 pgs w/35 pgs exhibits) (ml) [Entry date 07/18/95]
7/17/95	60	NOTICE by dfts' Adams USA, Inc. and Apehead Mfg Inc of change of address of their atty firms which have merged under the name of: Wheat, Camoriano,

Smith & Beres, PLC (2 pgs) (ml) [Entry date 07/18/95]

7/17/95 61 MOTION by plaintiff for telephone disc conf (5 pgs) (bp) [Entry date 07/18/95]

7/25/95 62 ORDER: Telephone conf held pursuant to certificate of discovery dispute filed by pltf. [illegible] issues in dispute were resolved; rendering the motion for telephone disc conf [61-1] moot (issued on 7/25/95) (1 pg) Judge David A. Katz (ml) [Entry date 07/26/95]

10/4/95 63 MOTION by Ohio Cellular Prod for hearing on mot f/SJ (2 pgs) (ml) [Entry date 10/05/95]

10/11/95 64 MEMORANDUM OPINION: this Court holds that Patent Nos. 4,980,110 & 5,273,702 are invalid as lacking novelty; granting deft's motion for summary judgment [45-1] (issued on 10/11/95) (8 pgs) Judge David A. Katz (bp) [Entry date 10/13/95]

10/11/95 65 JUDGMENT ENTRY: pltf's patents numbered 4,980,110 & 5,273,702 are invalid as lacking novelty; defts' mot for SJ is gr. dismissing case (issued on 10/11/95) (1 pgs) Judge David A. Katz (writ of execution issued 3/30/98 re: 1st Fed Savings & Loan, Wauseon, OH, 1st Natl Bank, Wauseon, OH, Farmers & Merchants, Wauseon, OH, Farmers & Merchants State Bank, Wauseon, OH, 1st Natl Bank NW, Bryan, OH, Natl City Bank, Wauseon, OH, State Bank & Trust, Wauseon, OH, Trustcorp Bank, Wauseon, OH, Key Bank, Bryan, OH & All

American Sports Corp, Elyria, OH) (bp) [Entry date 10/13/95] [Edit date 04/02/98]

10/20/95 66 MOTION by plaintiff to alter and amend judgment; AND for amended and additional findings; AND; for relief from judgment (17 pgs) (ml) [Entry date 10/24/95] [Edit date 12/12/95]

10/24/95 67 ORDER: telephone status conf held 10/23/95 the filing of a mot for atty fees by deft is to await a ruling on pltf's mot for reconsideration of the grant of SJ. (issued on 10/24/95) (1 pgs) Judge David A. Katz (bp) [Entry date 10/26/95]

11/2/95 68 OPPOSITION by defendants to pltf's motion to alter and amend judgment; [66-1], to motion for amended and findings; [66-2], to motion for refer from judgment [66-3] (23 pgs) (bp) [Entry date 11/03/95]

11/8/95 69 MOTION by plaintiff for leave to file rply memo in support of its mot to alter & amd judg, & relief from judg (2 pgs) (bp) [Entry date 11/09/95]

11/13/95 – MARGINAL ENTRY ORDER: granting pltf's motion for leave to file rply memo in support of its mot to alter & amd judg, & relief from judg [69-1] (issued on 11/13/95) Judge David A. Katz (bp) [Entry date 11/15/95]

11/13/95 70 REPLY by plaintiff in support of pltf's mot to alter & amd judg and for relief from judg. [66-2] (4 pgs) (bp) [Entry date 11/15/95]

12/11/95 71 MEMORANDUM, OPINION: denying motion to alter and amend judgment; [66-1], denying motion for amend and additional findings; [66-2], denying motion for relief from judgment [66-3] (issued on 12/11/95) (4 pgs) Judge David A. Katz (ml) [Entry date 12/12/95]

12/11/95 72 JUDGMENT ENTRY: Pltf's mot to alter & amd jgm, f/amd & add'l findings & f/relief from jgm is denied in its entirety. (issued on 12/11/95) (1 pgs) Judge David A. Katz (ml) [Entry date 12/12/95]

12/22/95 73 MOTION by defts Adams USA, Inc. and Apehead Mfg Inc for atty fees (25 pgs) (SYSTEM DOWN 12/21/95-12/22/95 at 12:00 pm) (dsa) [Entry date 12/27/95]

12/22/95 74 BILL OF COSTS by defts Adams USA, Inc. and Apehead Mfg Inc in the amount of $4,199.80 (11 pgs) (SYSTEM DOWN 12/21/95-12/22/95 at 12:00 pm) (dsa) [Entry date 12/27/95]

12/29/95 75 NOTICE of appeal by plaintiff Ohio Cellular Products Corp, and third-party defendant, All American Sports Corporation re judgment [65-2] (cc: all counsel-notice only. USCA-notice doc(s) (mailed on 1/4/96) (2 pgs) (hg) [Entry date 01/04/96]

12/29/95 – RECEIVED from plaintiff, and third party defendant fee in amount of $105.00 (receipt #256948) (hg) [Entry date 01/04/96]

12/29/95 76 NOTICE by plaintiff, and third-party defendant of representation by Richard M. Kerger, Donald F. Melhorn, Jr. and Steven J. Funk, and the law firm of Marshall & Melhorn. all pleadings and notices filed in this matter shall be directed to them. (2 pgs) (hg) [Entry date 01/04/96]

12/29/95 77 PRAECIPE: by plaintiff Ohio Cellular Products Corporation, and All American Sports Corporation, third-party defendant asking the Court to transmit a certified copy of the docket entries and the Federal Circuit Information Sheet (8 pgs) (hg) [Entry date 01/04/96]

12/29/95 78 FEDERAL CIRCUIT APPEAL INFORMATION SHEET of order from USCA. Clerk: Frank Gindhart (17 pgs) (hg) [Entry date 01/05/96]

1/5/96 79 TRANSCRIPT Order Form by plaintiff, and third-party defendant received. Transcript is unnecessary for appeal purposes. (1 pg) (hg)

1/5/96 80 STIPULATION and ORDER: extending time to 1/10/96 for pla to obj to bill of costs & resp to Adam's mot f/atty fees and dft gr 10 days from filing of pla's resp to reply. (issued on 1/5/96) (2 pgs) Judge David A. Katz (ml) [Entry date 01/09/96]

1/10/96 81 OBJECTIONS by Ohio Cellular Prod, All American Sports to bill of costs [74-1] (9 pgs) (ml) [Entry date 01/11/96]

1/10/96 82 OPPOSITION by Ohio Cellular Prod & All American Sports to dfts Adams &

Apehead's motion for atty fees [73-1] (9 pgs) (ml) [Entry date 01/11/96] [Edit date 01/11/96]

1/10/96 83 APPENDIX by Ohio Cellular Prod, All American Sports to oppo to motion for atty fees [73-1] (38 pgs) (ml) [Entry date 01/11/96]

1/19/96 84 STIPULATION by ptys that deft Adams USA, & Third Pty Pltf Apehead Manufacturing may have until 1/24/96 to file their rply br to the opp for mot for atty fees & costs. (3 pgs) (vl) [Entry date 01/23/96]

1/24/96 85 REPLY Memo by defendant in support of their mot for atty fees [73-1] (29 pgs) (bp) [Entry date 01/26/96]

1/24/96 86 REPLY by defts Adams USA & Apehead to Ohio Cellular's obj to Bill of Costs re [74-1] (6 pgs) (cma) [Entry date 01/26/96]

1/31/96 87 ORDER: gr ptys stipulation that dft Adams, USA & 3rd pty pltf Apehead Mfg have until 1/24/96 to file their reply brf to the opp to mot f/atty fees & costs [84-1] (issued on 1/31/96) (1 pg) Judge David A. Katz (cma) [Entry date 02/01/96]

2/7/96 88 POST-JUDGMENT MOTION by plaintiff to strike dft's rply mem in supp of dft's mot f/atty fees (3 pgs) (tc) [Entry date 02/09/96]

2/12/96 89 ACKNOWLEDGMENT from USCA for the Federal Circuit in Washington DC of receipt of Notice of Appeal (USCA FC

#:96-1173) - dt rcvd 2/5/96; dt filed 2/6/96 (3 pgs) (hg) [Entry date 02/14/96]

2/14/96 90 TRANSCRIPT Order Form (for the Federal Circuit) by plaintiff received. Transcript is unnecessary for appeal purposes. (1 pg) (hg) [Entry date 02/15/96]

2/22/96 91 OPPOSITION by defendants to pltf's motion to strike dft's rply mem in supp of dft's mot f/atty fees [88-1] (8 pgs) (bp) [Entry date 02/23/96]

12/27/96 92 TRUE cy of order from USCA for the Federal Circuit affirming the decision of the District Court [75-1]; Clerk: Jan Horbaly; Mayer, Plager & Lourie, Circuit Judges. Decision issd 12/23/96; Cost: none (8 pgs) (cma)

12/15/97 93 OPINION (INFORMATION COPY) of order from USCA for the Federal Circuit affirming the decision of the Dst Ct. which gr SJ to dfts. Clerk: Jan Horbaly; Mayer, Plager & Lourie, Circuit Judges. Opinion issd 12/23/96; Cost: none (7 w/3 exh pgs) (cma) [Entry date 01/21/97]

1/15/97 94 TRUE cy of order (JUDGMENT) from USCA for the Federal Circuit affirming the decision of the Dist Ct. Clerk: Jan Horbaly; Judgment issd 12/23/96; Cost: 103.24 (1 pg) (cma) [Entry date 01/21/97]

1/27/97 95 SUPPLEMENTAL by defendants to bill of costs [74-1] (3 pgs) (dsa) [Entry date 01/28/97]

2/12/97	96	MEMORANDUM OPINION: granting dfts' motion for atty fees [73-1]; defts are granted 30 days in which to submit the amount of fees requested and the documentation supporting such request. (issued on 2/12/97) (17 pgs) Judge David A. Katz (dsa) [Entry date 02/13/97]
2/12/97	97	JUDGMENT ENTRY: granting defts' motion for atty fees [73-1]; granting defts' bill of costs [74-1] and [95-1] in the amount of $2,672.24; denying pltf's motion to strike dft's rply mem in supp of dft's mot f/atty fees [88-1] (issued on 2/12/97) (1 pgs) Judge David A. Katz (dsa) [Entry date 02/13/97]
3/5/97	98	POST-JUDGMENT MOTION by plaintiff for order vacating Memo, Opinion & JE dtd 2/12/97 and for evid hearing re: defts' not f/atty fees (26 pgs w/44 pgs exhs) (vl) [Entry date 03/10/97]
3/12/97	99	STIPULATION by ptys for an ext of 30 days from date on which court rules on pltf's mot to reconsider and vacate Judgment Entry to submit the fees request (3 pgs) (dsa) [Entry date 03/14/97]
3/18/97	100	ORDER: deft Adams USA shall have 30 days from date on which the court rules on the pltf's motion for reconsideration to submit documentation in support of its fees and costs. [99-1] (issued on 3/18/97) (1 pgs) Judge David A. Katz (dsa) [Entry date 03/20/97]
3/19/97	101	OPPOSITION by defendant Adams USA, Inc. to pltf's motion to reconsider

and vacate judgment entry [98-1] and [98-2] (23 pgs) (dsa) [Entry date 03/21/97]

3/27/97	102	REPLY by plaintiff to deft's opp to pltf's motion for order vacating Memo, Opinion & JE dtd 2/12/97 [98-1] (6 pgs) (dsa) [Entry date 03/28/97]
4/3/97	103	MEMORANDUM OPINION: court's previous grant of defts' motion for atty fees (doc no. 96) is stayed pending a determination of the extent of Nelson's knowledge of the '037 patent at the times he prosecuted his own patent applications; an evidentiary hrg on that issue is set for 5/6/97 at 2:00 pm. (issued on 4/3/97) (11 pgs) Judge David A. Katz (dsa) [Entry date 04/08/97]
4/3/97	104	JUDGMENT ENTRY: court's previous grant of defts' motion for atty fees is stayed pending a determination of the extent of Donald Nelson's knowledge of the Marc '[037 patent at the times he prosecuted his own patent applications; evidentiary hrg on the issue is set 2:00 pm 5/6/97 (issued on 4/3/97) (1 pgs) Judge David A. Katz (dsa) [Entry date 04/08/97]
5/7/97	105	MINUTES of proceedings: before Judge David A. Katz; Court reporter Beverlee Behmke – hearing re: mot for atty fees – extend of pltf's knowledge of pre-existing patent. Test taken. deft sum mem o law; pltf to resp by 5/12/97. (1 pg) (vk) [Entry date 05/09/97]

5/27/97	106	ORDER: ct will conduct a telephone conf 11:30 am 6/16/97 (issued on 5/27/97) (1 pgs) Judge David A. Katz (dsa) [Entry date 05/30/97]
6/16/97	107	ORDER: status hearing held 6/16/97; defts are granted 45 days in which to submit a trial depo of Peter Halstead. (issued on 6/16/97) (1 pgs) Judge David A. Katz (dsa) [Entry date 06/18/97]
8/6/97	108	LETTER to court from Atty Richard Kerger; re: request leave to file briefs. (2 pgs) (dsa) [Entry date 08/08/97]
8/7/97	109	NOTICE by defendant Adams USA, Inc. of filing deposition transcript of Peter D. Halstead (2 pgs) (dsa) [Entry date 08/08/97]
8/7/97	110	DEPOSITION of Peter D. Halstead taken on the following date(s): 7/22/97 on behalf of: defts (62 w/6 exh pgs) (dsa) [Entry date 08/08/97]
8/8/97	111	ORDER: matter is before the court on pltf's request for permission to file a brief addressing the depo of Mr. David Halstead; [108-1]; pltf may file its brief on or before 8/29/97, with deft's response due 10 calendar days after filing; no replies or surreplies will be permitted (issued on 8/8/97) (1 pgs) Judge David A. Katz (dsa) [Entry date 08/13/97]
8/21/97	112	BRIEF (supplemental) by plaintiff (11 pgs) (dsa) [Entry date 08/22/97]
9/3/97	113	RESPONSE by defendant Adams USA, Inc. to pltfs supplemental brief [112-1] (9

w/2 attach pgs) (dsa) [Entry date 09/08/97]

9/25/97	114	MEMORANDUM OPINION: pltf's motion for reconsideration is denied; defts are granted 30 days in which to submit the amt of fees req and the documentation supporting such request. [98-1] [98-2] (issued on 9/25/97) (9 pgs) Judge David A. Katz (dsa) [Entry date 10/01/97]
9/25/97	115	JUDGMENT ENTRY: Ordered that pltf's mot for reconsideration (Doc. No. 98) is denied; defts are granted 30 days in which to submit the amt of fees requested and the documentation supporting such request. (issued on 9/25/97) (1 pgs) Judge David A. Katz (dsa) [Entry date 10/01/97]
10/27/97	116	MOTION (petition) by defendants for attorneys' fees (9 w/3 exh pgs) (dsa) [Entry date 10/28/97]
10/27/97	117	BILL OF COSTS by defendants in the amount of $1,322.26 (pgs) (dsa) [Entry date 10/28/97]
10/27/97	118	AFFIDAVIT (Declaration) of Jack A. Wheat (5 w/230 attach pgs) (dsa) [Entry date 10/28/97]
10/27/97	119	AFFIDAVIT (Declaration) of Vance A. Smith (7 w/44 attach pgs) (dsa) [Entry date 10/28/97]
10/27/97	120	AFFIDAVIT (Declaration) of Robert a. Bunda (3 w/56 attach pgs) (dsa) [Entry date 10/28/97]

11/20/97	121	POST-JUDGMENT MOTION by plaintiff for leave to file opp to defts mot for atty fees (2 pgs) (dsa) [Entry date 11/24/97]
11/26/97	–	MARGINAL ENTRY ORDER: granting pltf's motion for leave to file opp to defts mot for atty fees [121-1] (issued on 11/26/97) Judge David A. Katz (dsa) [Entry date 12/01/97]
12/2/97	122	OPPOSITION by plaintiff to defts' motion for attorneys' fees [116-1] (3 pgs) (dsa) [Entry date 12/03/97]
12/10/97	123	REPLY by defendant Adams USA, Inc. to pltfs' opp to deft's motion for attorneys' fees [116-1] (10 w/41 exh pgs) (dsa) [Entry date 12/11/97]
1/20/98	124	MEMORANDUM OPINION: granting deft's motion for attorneys' fees [116-1] (issued on 1/20/98) (3 pgs) Judge David A. Katz (dsa) [Entry date 01/22/98]
1/20/98	125	JUDGMENT ENTRY: Ordered that defts are entitled to an award of $178,888.51 in costs and atty fees, plus interest at the legal rate from 2/12/97 against pltf Ohio Cellular Products Corp. [116-1] (issued on 1/20/98) (1 pgs) Judge David A. Katz (dsa) [Entry date 01/22/98]
2/3/98	126	POST-JUDGMENT MOTION by defts to amend judgment & to amend 3rd pty cmp to add individual 3rd pty deft (10 pgs) (dsa) [Entry date 02/04/98]
2/19/98	127	POST-JUDGMENT MOTION by pltf to extend time until 2/28/98 to respond to defts' mot to amd judgment (2 pgs) (dsa) [Entry date 02/20/98]

2/25/98	–	MARGINAL ENTRY ORDER: granting motion by pltf to extend time until 2/28/98 to respond to defts' mot to amd judgment [127-1] (issued on 2/25/98) Judge David A. Katz (dsa) [Entry date 02/26/98]
3/2/98	128	OPPOSITION by plaintiff to motion by defts to amend judgment [126-1] (6 pgs) (dsa) [03/04/98]
3/12/98	129	REPLY by defts in support of their motion to amend judgment [126-1] & to amend 3rd pty cmp to add individual 3rd pty deft [126-2] (7 pgs) (dsa) [Entry date 03/16/98]
3/25/98	130	MEMORANDUM OPINION: Court finds that justice demands permitting defts to amd their 3-pty cmp to add Nelson as 3rd-pty deft & to amd the judgment in this action to incl Nelson as an addl pty against who judgment is entered; pursuant to FRCP such amd relates back to the filing of the orig 3rd-pty cmp f/statute of limitations purposes; defts motion to amend judgment is granted [126-1] [126-2] (issued on 3/25/98 (7 pgs) Judge David A. Katz (dsa) [Entry date 03/27/98]
3/25/98	131	JUDGMENT ENTRY: Ordered that defts' mot f/lv to amd their 3-pty cmp to name Donald E. Nelson as a 3rd pty deft in his individual capacity & to amd the judgment in this action to incl Nelson as an addl pty against whom judgment is entered is granted (issued on 3/25/98) (issued 6/12/98 to atty Bunda, Stutz re:

to Donald Nelson & Ohio Cellular Products) (1 pgs) Judge David A. Katz (dsa) [Entry date 03/27/98] [edit date 06/15/98]

4/6/98 132 POST-JUDGMENT EX PARTE MOTION by plaintiff for attys Ernest Bazzana & Robert Kamenec to appear pro hac vice (2 pgs) (dsa) [Entry date 04/07/98] [Edit date 04/07/98]

4/8/98 133 POST-JUDGMENT MOTION by Donald E. Nelson to alter & amd judgment of 3/25/98 (5 w/5 attach pgs) (dsa) [Entry date 04/09/98]

4/22/98 134 RESPONSE by defendant to motion by Donald E. Nelson to alter & amd judgment of 3/25/98 [133-1] (5w/1 attach pgs) (dsa) [Entry date 04/23/98]

4/23/98 135 MARSHAL's Return Fees: $3.00; cert mail; writ of execution (3 pgs) (dsa) [Entry date 04/24/98]

4/23/98 136 RETURN OF SERVICE unexecuted – attempted as to Kay Bank (3 w/envelope attach pgs) (dsa) [Entry date 04/24/98]

4/23/98 137 MARSHAL's Return Fees: $3.00 as to Farmers & Merchants State Bank; writ of Execution; 4/16/98 (3 pgs) (dsa) [Entry date 04/24/98]

4/23/98 138 MARSHAL's Return Fees: $3.00; served at First Federal Savings & Loan; 4/16/98; by cert mail; re writ of execution (3 pgs) (dsa) [Entry date 04/24/98]

4/23/98 139 MARSHAL's Return Fees: $3.00 as to First National Bank 4/16/98 by cert

mail; re: writ of execution (3 pgs) (dsa) [Entry date 04/24/98]

4/23/98 140 MARSHAL's Return Fees: $3.00, Farmers & Merchants State Bank 4/16/98 by cert mail; writ of Execution (3 pgs) (dsa) [Entry date 04/24/98]

4/23/98 141 MARSHAL's Return Fees: $3.00; National City Bank on 4/16/98 by cert mail; re: writ of execution (3 pgs) (dsa) [Entry date 04/24/98]

4/23/98 142 MARSHAL's Return Fees: $3.00; Trustcorp Bank Ohio 4/16/98 by cert mail; re: writ of execution (3 pgs) (dsa) [Entry date 04/24/98]

4/23/98 143 MARSHAL's Return Fees: $3.00; State Bank & Trust Company 4/16/98 by cert mail; re: writ of execution (3 pgs) (dsa) [Entry date 04/24/98]

4/23/98 144 LETTER from First Natl Bk NW OH stating that it has no open account w/Ohio Cellular Products at this time in response to writ of execution dated 3/30/98 (1 pgs) (dsa) [Entry date 04/27/98]

4/23/98 145 RESPONSE by Farmers & Merchants State Bank to writ of execution dated 3/30/98 stating no accounts/4/17/98 (5 pgs) (dsa) [Entry date 04/27/98]

5/7/98 146 REPLY by Donald E. Nelson to response of deft Adams USA to motion by Donald E. Nelson to alter & amd judgment of 3/25/98 [133-1] (6 pgs) (dsa) [Entry date 05/11/98]

5/11/98	147	LETTER to court from State Bank and Trust Company stating that it has no open accounts w/Ohio Cellular Products Corp in response to writ of execution dated 3/30/98 (1 w/4 attach pgs) (dsa) [Entry date 05/13/98]
5/15/98	148	ORDER: granting pltf's motion for attys Ernest Bazzana & Robert Kamenec to appear pro hac vice [132-1] (issued on 5/15/98) 1 pgs) Judge David A. Katz (dln) [Entry Date 05/18/98]
5/15/98	149	STIPULATION and ORDER FOR SUBSTITUTION OF ATTORNEYS: Attys Ernest R. Bazzana and Robert G. Kamenec shall take the place of their current representatives Richard Kerger and Daniel F. Marinik (issued on 5/15/98) (2 w/2 attach pgs) Judge David A. Katz (dln) [Entry date 05/18/98]
5/18/98	150	MEMORANDUM OPINION: Pltf Donald E. Nelson's motion to alter & amd judgment is denied [133-1] (issued on 5/18/98) (5 pgs) Judge David A. Katz (dln) [Entry date 05/20/98]
5/18/98	151	JUDGMENT ENTRY: Ordered that pltf Donald E. Nelson's mot to alter & amd judgment is denied [133-1] (issued on 5/18/98) (1 pgs) Judge David A. Katz (dln) [Entry date 05/20/98]
6/1/98	152	POST-JUDGMENT MOTION (supplemental) by defts for attorney fees (4 pgs) (dln) [Entry date 06/04/98]
6/1/98	153	DECLARATION of John W. Scruton in support re: supplemental motion by

		defts for attorney fees [152-1] (13 pgs) (dln) [Entry date 06/04/98]
6/1/98	154	DECLARATION of John P. Hayward re: supplemental motion by defts for attorney fees [152-1] (4 pgs) (dln) [Entry date 06/04/98]
6/9/98	155	MARSHAL's Return Fees: $3.00; served at First National Bank, NW OH by cert mail; writ of execution (3 pgs) (dln) [Entry date 06/11/98]
6/11/98	156	RESPONSE by plaintiff to supplemental motion (petition) by defts for attorney fees w/cert of service [152-1] (5 pgs) (dln) [Entry date 06/12/98]
6/15/98	158	REPLY by defendants to response to supplemental motion by defts for attorney fees [152-1] (4 pgs) (dln) [Entry date 06/17/98]
6/16/98	157	NOTICE of appeal (to the Federal Circuit) by pltf Ohio Cellular Prod re judgment fld 2/12/97 [97-1], re judgment fld 9/25/97 [115-1], re fld 1/20/98 [125-1], re judgment fld 3/25/98 [131-1], re judgment fld 5/18/98 [151-1] (cc: all counsel-notice only. USCA-notice and doc(s) mailed on 6/16/98) (2 w/67 exh pgs) (cma) [Edit date 06/22/98]
6/16/98	–	RECEIVED fee in amount of $105.00 (receipt # 304260) (cma) [Entry date 06/18/98]
7/15/98	159	ACKNOWLEDGMENT from U.S. Ct of Appeals for the Federal Circuit of receipt of pltf-applnt Ohio Cellular's

Notice of Appeal (Case No. 98-1448) (3 pgs) (cma) [Entry date 07/17/98]

7/17/98 160 TRANSCRIPT Order Form by pltf-applnt recd for U.S. Court of Appeals, Fed'l Circuit. Transcript is nec for appeal purposes (mot hrg on 5/7/97); ct rptr Beverlee Behmke. (1 pg) (cma)

7/30/98 161 MEMORANDUM AND JUDGMENT ENTRY: Pltfs have not objected to the reasonableness of the amts of any of the costs and/or fee requested; Ct has reviewed the amts req & has determined that such amts are reasonable; therefore, defts's fee petition is approved in the amt of $4,451.36 [152-1] (issued on 7/30/98) (2 pgs) Judge David A. Katz (dln) [Entry date 08/03/98]

8/11/98 162 ATTORNEY SUBSTITUTION: attys Phillip Oberlin & Steven Funk no longer represent pltf; replaced by attys Bazzana and Kamenec (1 pgs) (dln) [Entry date 08/13/98]

8/14/98 163 TRANSCRIPT of proceedings before Judge David A. Katz taken on 5/6/97 by court reporter Beverlee Behmke (134 pgs) (dln)

8/31/98 164 STIPULATION and ORDER: Order staying execution pending appeal on posting of irrevocable letter of credit in lieu of supersedeas and costs bonds (issued on 8/31/98) (2w/2 attach pgs) Judge David A. Katz (dln) [Entry date 09/02/98]

8/31/98 165 ORDER: Staying stipulation for entry of order staying execution pending appeal on posting of irrevocable letter of credit

in lieu of supersedeas and costs bonds (issued on 8/31/98) (2 pgs) Judge David A. Katz (dln) [Entry date 09/02/98]

2/18/99 166 NOTICE by defendant of change of address of counsel (2 pgs) (dln) [Entry date 02/19/99]

5/4/99 167 OPINION from USCA, Federal Cir. affirming the decision of the dist ct. Circuit Judges: Newman, Michel, and Plager (this is not a mandate) (16 pgs) (cma) [Entry date 05/07/99]

6/14/99 168 (JUDGMENT) TRUE cy of order from US Fed'l Circuit affirming the decision of the District Court [157-1]; Clerk: Jan Horbaly; judgment issd 6/10/99; Cost: none (1 pg) (cma) [Entry date 06/18/99]

8/2/99 169 POST-JUDGMENT MOTION by "3rd pty deft" Donald Nelson for relief from judgment (17 w/22 attach pgs) (dln) [Entry date 08/04/99]

8/2/99 170 ATTORNEY APPEARANCE on behalf of "3rd pty deft" Donald Nelson and pltf by attys Debra Dixon and James Deese (2 pgs) (dln) [Entry date 08/04/99]

8/10/99 171 RESPONSE by defendant to motion by "3rd pty deft" Donald Nelson for relief from judgment [169-1] (9 pgs) (dln) [Entry date 08/11/99]

8/23/99 172 SUPPORT MEMO (REPLY) to motion by "3rd pty deft" Donald Nelson for relief from judgment [169-1] (15 pgs) (dsm) [Entry date 08/27/99]

8/27/99	173	POST-JUDGMENT MOTION by defts for leave to file sur reply (3 pgs) (dln) [Entry date 08/31/99]
9/1/99	–	MARGINAL ENTRY ORDER: granting motion by defts for leave to file sur reply [173-1] (issued on 9/1/99) Judge David A. Katz (EOD Date: 9/7/99] (dln) [Entry date 09/07/99]
9/1/99	174	SUR REPLY by defts [169-1] to "3rd pty deft" Donald Nelson reply memo in support of his motion for relief from judgment (4 pgs) (dln) [Entry date 09/07/99]
9/16/99	175	POST-JUDGMENT MOTION (notice) by pltf to withdraw attorney Bazzana (3 pgs) (dln) [Entry date 09/17/99]
9/21/99	–	MARGINAL ENTRY ORDER: granting motion by pltf to withdraw attorney Bazzana [175-1] & attorney Robert Kamenec of Plunkett & Cooney (issued on 9/21/99) Judge David A. Katz [EOD Date: 9/23/99] (dln) [Entry date 09/23/99]
9/22/99	176	MEMORANDUM OPINION: denying motion by "3rd pty deft" Donald Nelson for relief from judgment [169-1] (issued on 9/22/99) (6 pgs) Judge David A. Katz [EOD Date: 9/24/99] (dln) [Entry date 09/24/99]
/22/99	177	JUDGMENT ENTRY: Ordered that Donald Nelson's mot for relief from judgment is denied (issued on 9/22/99) (1 pgs) Judge David A. Katz [EOD Date: 9/24/99] (dln) [Entry date 09/24/99]

10/19/99	178	NOTICE of appeal by "3rd pty dft Donald Nelson" re judgment fld 9/22/99 [177-1] (cc: all counsel-notice only. USCA-notice and doc(s) mailed on 10/20/99) (2 pgs) (cma) [Entry date 10/20/99] [Edit date 10/20/99]
10/19/99	–	RECEIVED fee in amount of $150.00 (Receipt # 307757) (cma) [Entry date 10/20/99]

ORIGINAL

In The United States District Court
For The Northern District Of Ohio
Western Division

Ohio Cellular Products Corporation	)	Case No. 3:94CV7251
Plaintiff,	)	Hon. David A. Katz
v.	)	**Stipulation and**
Adams USA, Inc.	)	**Protective Order**
Defendant.	)	(Filed Apr. 7, 1995)

The parties anticipate that during the course of this proceeding they will need to conduct discovery into confidential documents, things, testimony, and information, including information gained by inspection of equipment or premises. The parties wish to facilitate this discovery, but they also wish to protect the confidentiality of the documents, things, testimony, and information disclosed during the discovery process. Accordingly, the parties stipulate and agree to the entry of the following protective order.

1. Documents, Things, Testimony, and Information Covered by Order. This order shall extend to and cover all documents, things, deposition testimony, and information designated confidential by the parties or their counsel.

2. Designation of Documents, Things, Testimony, and Information as Confidential. The parties or their counsel may designate as confidential any document, thing, deposition testimony, or information produced or

disclosed in course of this proceeding. Interrogatory responses disclosing confidential information shall be separately set forth from those portions not disclosing confidential information, and shall be specifically labeled "Confidential." Documents and things containing confidential information that are produced in response to requests for production, subpoenas, or voluntary disclosure, shall be stamped with the word "Confidential." Deposition testimony containing confidential information shall be identified on the record as such during the course of the deposition and separately transcribed by the court reporter. The parties may also designate deposition testimony as confidential within thirty days of their counsel's receipt of the transcript of the deposition. Confidential documents, things, and information disclosed voluntarily shall be designated confidential in a manner reasonably calculated to impart notice that confidential information is being disclosed.

3. Use and Treatment of Documents, Things, Testimony, and Information Designated Confidential. Documents, things, testimony, and information designated confidential by a party shall be used only for the purpose of conducting this litigation and not for any business or other purpose. No such information designated confidential shall be disclosed to any party to this litigation, or any officer, director, or employee of any party. Disclosure for the purpose of conducting this litigation may be made only as follows.

(A) To counsel of record and their employees.

(B) To persons identified as expert witnesses by the parties to this litigation, provided, however, that no disclosure may be made

to such persons until seven days after they have been identified to opposing counsel and they have executed a confidentiality agreement containing the following declarations: "I understand that confidential documents, things, testimony, and information protected by Court Order are about to be disclosed to me. I acknowledge that I have received a copy of this Court Order, and understand that I will be and am bound by its terms and conditions." In the event that the opposing counsel objects to the proposed disclosure, they shall so notify the party proposing to make the disclosure, and within seven days thereof file a motion setting forth the reasons why disclosure should not be permitted. Upon being notified of an objection to a proposed disclosure, no disclosure shall be made until such time as the Court has ruled upon the motion filed by the objecting party. If no motion is filed by the objecting party the proposed disclosure may proceed as proposed.

(C) To the Court, provided, however, that all confidential documents, things, testimony, and information disclosed to the Court shall be filed with the Clerk under seal in an envelope bearing the caption of this case and the following designation; "FILED UNDER SEAL PURSUANT TO PROTECTIVE ORDER: CONTAINS CONFIDENTIAL INFORMATION."

4. Disclosures and Third Parties. All parties and their counsel of record shall not otherwise suffer or permit disclosure of confidential documents, things, testimony, and information in violation of this order, and shall exercise good faith and utmost care to avoid unnecessary disclosure. Any person who discloses confidential documents, things, testimony, and information to another person falling into the categories set forth in paragraph 3. hereinabove, shall advise such person of the existence of this protective order and of its terms. All persons to whom confidential documents, things, testimony, and information are disclosed shall abide by the provisions of this protective order. Any party who receives a subpoena from a non-party, or other process purporting to require disclosure of confidential documents, things, testimony, and information, shall forthwith provide notice thereof to all other parties and their counsel. No one shall disclose any confidential information so sought without appropriate court order. The prohibitions contained herein shall apply to deposition testimony that is designated confidential by a party within thirty days of the receipt by counsel for that party of the transcript of the deposition, provided, however, that said prohibitions shall apply only (1) to persons falling into the categories set forth in paragraph 3. hereinabove, and (2) to disclosures occurring after counsel for the non-designating party has been advised of the designation and has had a reasonable opportunity to notify the other persons falling into the categories set forth in paragraph 3. hereinabove of the post transcription designation. Counsel for each party shall be responsible for establishing and maintaining a Confidential Information Log which shall contain the

name, address, and telephone number of each person provided access to the confidential information so disclosed under this Order, the first date of such access, and a brief description sufficient to identify the confidential information.

5. **Declassifying.** Any party objecting to the classification of any document, thing, testimony, or information as confidential shall serve written notice of such objection on the designating party, with copies to every other party. Such notice shall specify the document, thing, testimony, or information sought to be declassified, their reasons for declassification, and the use that will be made of the document, thing, testimony, or information if declassified. The designating party shall, within fourteen days of receipt of such notice, review the document, thing, testimony, or information sought to be declassified and shall notify every party in writing whether declassification will be permitted. If the designating party does not agree to declassification, any party may move the court for an order declassifying the specified document, thing, testimony, or information. The specified document, thing, testimony, or information shall continue to be covered by this order and to receive confidential treatment until the Court orders otherwise.

6. **Other Disclosure.** Any party wishing to disclose confidential documents, things, testimony, or information in a manner not contemplated hereby shall first seek the consent of the designating party. Any consent given by the designating party shall be in writing. Any person to whom confidential documents, things, testimony, or information are disclosed pursuant to such consent shall

execute a confidentiality agreement containing the declarations specified in paragraph 3.(B) hereinabove. Should the designating party refuse to give consent, the party wishing to make a disclosure not contemplated hereby shall first file a motion with the court that describes the proposed disclosure in detail, and explains the reasons why the proposed disclosure is necessary to the prosecution or defense of the moving party's case. The proposed disclosure shall not be made unless and until it is specifically authorized by the Court. Counsel for each party shall be responsible for establishing and maintaining a Confidential Information Log which shall contain the name, address, and telephone number of each person provided access to the confidential information so disclosed under this Order, the first date of such access, and a brief description sufficient to identify the confidential information.

7. **Return of Documents, Things, Testimony, and Information Designated Confidential.** Within forty-five days of the final adjudication of this action, including appeals, attorneys for each party shall, upon request, return all confidential documents and information to the party who produced such documents, including any copies, extracts or summaries thereof containing confidential information and shall purge confidential information from all machine readable media or destroy such media, but excluding any materials which in the judgment of the attorneys in possession of such materials are work product materials, as to which those attorneys will take reasonable steps to ensure the continued protection of confidential information contained therein.

8. Public or Privileged Information. The restrictions set forth in any of the preceding paragraphs shall not apply to information which (a) was or becomes public knowledge, not in violation of the Order, or (b) was or is acquired in good faith from a third party, not a party to this litigation, having the right to disclose such information, or (c) was or is discovered independently by the receiving party. Nothing in this Protective Order shall require disclosure of materials which counsel contends are not relevant to the subject matter of the action or are protected from disclosure by the attorney-client privilege or the attorney work product privilege

9. Advice and Comments to Clients. Nothing herein shall preclude attorneys from advising their clients with respect to this case, or generally commenting on confidential documents, things, deposition testimony, or information, so long as such advice and comment does not does not [sic] disclose the confidential documents, things, deposition testimony, or information.

10. Additional Protective Orders. Nothing in this protective Order shall limit any of the parties in applying to the Court for relief from this Protective Order, or for such further or additional protective orders as the Court may deem appropriate.

Roach & Wheat

By /s/ Joel T. Beres
Counsel for
Defendant

Marshall & Melhorn

By /s/ Steven J. Funk
Counsel for
Plaintiff

It Is So Ordered:

_____ Date _____

United States Patent [19] [11] **Patent Number: 4,980,110**
Nelson et al. [45] **Date of Patent: Dec. 25, 1990**

---

[54] METHOD OF FORMING A CROSS LINKED FOAMED POLYOLEFIN COMPOSITE ARTICLE

[75] Inventors: Donald E. Nelson, Adrian, Mich.; James E. Lammy, Sr., Napoleon, Ohio

[73] Assignee: Ohio Cellular Products, Inc., Wauseon, Ohio

[21] Appl. No.: 180,824

[22] Filed: Apr. 12, 1998

[51] Int. Cl.[5] B29C 43/18; B29C 43/20

[52] U.S. Cl. 264/152; 264/160; 264/241; 264/247; 264/273; 264/321

[58] Field of Search..... 264/321, 276, 279.1, 264/152, 160, 241, 247, 273

[56] Reference Cited

U.S. PATENT DOCUMENTS

1,978,985	10/1934	Coff	264/276
3,954,537	5/1976	Alther et al.	156/82
4,193,957	3/1980	Kauffman et al.	264/321
4,307,471	12/1981	Lovell	2/411
4,315,050	2/1982	Rourke	428/116
4,326,303	4/1982	Rappleyea	2/411
4,327,049	4/1982	Miller	264/321
4,575,470	3/1986	Fakirov et al.	428/105
4,595,551	6/1986	Maurer	264/321
4,676,041	6/1987	Ford	264/279.1

OTHER PUBLICATIONS

Cross-Linked Polyolefin Foams, Journal of Cellular Plastics, William M. Allen, Jan.-Feb. 1984.

Trocellen Cross-Linked Polyethylene Foam the New Fashion in foams for the 1980's – Dynamit Nobel of america Inc.

Primary Examiner – James Lowe

Attorney, Agent, or Firm – Neuman, Williams, Anderson & Olson

[57] ABSTRACT

A method for forming soft, resilient, smooth, energy dissipating articles from foamed partially cross-linked polyolefins wherein sheet stock is cut into a preform and the preform while at room temperature is positioned within a mold cavity formed by partible mold halves. The preforms and the cavity of the molds are so arranged and constructed that after molding there is no flashing needing trimming because the polyolefin is substantially confined within the cavity without any lateral projection into the parting surfaces of the mold.

23 Claims, 4 Drawing Sheets

[Diagrams Omitted]

METHOD OF FORMING A CROSS LINKED FOAMED POLYOLEFIN COMPOSITE ARTICLE

TECHNICAL FIELD

The present invention relates to the manufacture of cushioning, or energy absorbing, materials such as, for example, that traditionally used in athletic equipment.

Even more particularly the present invention relates to methods of molding a moldable, cross-linked, foamed polyolefin. The present invention is also directed to methods for producing tenaciously bonded laminates of cross-linked closed-cell foamed polyolefin in which one of the laminate layers has a density different than the other laminate layer.

BACKGROUND ART

Articles have been manufactured in the past from foamed, cross-linked polyolefin wherein such articles were intended for use as shock absorbing, or cushioning members, in a wide variety of applications, including athletic equipment. Such members have been manufactured by others by a process wherein a panel, or sheet-stock, of foamed cross-linked polyolefin (FXLPO), particularly polyethylene, is heated to an elevated temperature and this preheated material then manually positioned within a mold in such manner that a peripheral portion is clamped and sealed in the parting line of complimentary partible mold elements. The material can be further heated and either vacuum molded or compression molded to a preselected shape. It will be appreciated that difficulty is encountered in handling such heated sheet stock because of the tacky, adhesive and cohesive nature of the heated FXLPO material. Quite commonly in manually handling the heated FXLPO panel, portions thereof stick together prior to proper positioning in the mold, hence resulting in a situation where an acceptable product can not be manufactured and material is wasted. Additionally, because of the clamping of the peripheral boundary of the panel in the mold parting line a great

deal of waste flashing is created and must be removed. This, of course, uneconomically increases labor costs and material costs.

The problems noted above are common in forming various pads for sports and athletic equipment such as, for example, hip pads, thigh pads, and knee pads for football equipment. The laterally extending flashing problem in forming such pads is particularly troublesome from a labor and wasted material point of view.

Present hip pad configurations for use with football equipment, generally have substantially raised, somewhat centrally located portions extending outwardly from a base portion. With the above-described manufacturing techniques currently employed, it is expensive to form such raised portions of a material which is not the same as the material of the base portion of the hip pad. That is, because of the difficulty in handling the tacky, hot sheet stock and the problem of accurately manually positioning, and indexing, a different material unto such a tacky material, such pads are unitarilly formed from a single piece of sheet stock. It would be desirable to have a process wherein such hip pads could be formed with the raised portion and base portion being of different materials.

In manufacturing thigh pads by the above process there currently is a problem with regard to unacceptable entrapment of air during forming and also difficulty in properly indexing the components used to form these pads. Such thigh pads typically would be formed by first positioning a heated panel of cross-linked, foamed polyolefin in a mold portion, followed by positioning a rigid

plastic insert upon the preheated panel. This, in turn, would then be followed by positioning another panel of heated, foamed, cross-linked polyolefin onto the plastic insert in a manner so as to both encapsulate the insert between the two panels, and join the panels at their periphery. The materials would then be peripherally clamped at a mold parting line. This technique, because of the adhesive nature of the heated panels, obviously creates an air entrapment problem if the air is not removed as the laminate is being built up. The removal of such air when handling the sticky, heated panels is indeed, a difficult task. The entrapped air then creates air pockets during molding, resulting in a product which could be unacceptable. Indexing is also quite difficult when one considers the sticky, adhesive and cohesive characteristics of the FXLPO which is being handled. Both of these problems contribute to poor quality, increased labor costs and increased wasted material.

Thus it will be seen that there is a need in the art for providing a process wherein products can be formed without encountering the undesired sticking problem which results when handling heated, foamed, cross-linked polyolefin. A process is also needed wherein the undesired formation of laterally extending flashing during the molding operation is virtually eliminated. A process is also needed wherein laminates can be formed such as, for example, thigh pads without encountering severe air entrapment problems between the various layers.

DISCLOSURE OF THE INVENTION

In accordance with the present invention an improved process is provided which satisfies the above indicated needs in the art.

In accordance with one feature of the present invention a process is provided for forming a soft resilient self-supporting energy-dissipating article in a mold having partible mold portions, the mold when in a closed position, defining an article forming cavity which includes a smooth arcuate edge and said mold having a peripheral parting surface, the process comprises: cutting sheet stock of foamed resilient cross-linked polyolefin into preforms inherently having a somewhat rough non-arcuate edge, said polyolefin being at least capable of being sufficiently thermoformed, or molded, to allow such edge to be formed into an arcuate smooth edge, and said preforms, in plan view, having in one embodiment a peripheral configuration, when in a relaxed condition, substantially corresponding to the peripheral shape of the cavity in plan peripheral view; at about room temperature, positioning a sufficient number of said preforms and, optionally, at least one insert into a mold portion so that upon closing and heating the mold said preform or preforms and optional insert are placed in gentle compressive contact with the cavity and are substantially confined within said cavity without lateral projection into said peripheral parting surface; closing the mold and heating the closed mold for a sufficient period of time to allow said non-arcuate, rough edge of said polyolefin to be thermoformed (heat formed) into a smooth, arcuate edge by contact with the smooth arcuate edge of said mold cavity. When plural preforms are used and/or

optional insert is employed, the heating is sufficient to form a bonded unitary article.

In another embodiment, e.g. when the mold cavity is arcuate in plan view, the preform can be cut as a generally rectilinear member and the member bent when positioning in the mold as opposed to the previous embodiment where it can be directly positioned in the mold cavity without significant bending.

In accordance with another feature of this invention an article of manufacture is provided which is a laminate composed of a first portion of a foamed cross-linked polyolefin and a second portion of a foamed cross-linked polyolefin tenaciously bonded to said first portion, said second portion having a density greater than said first portion. In accordance with another feature of this invention, such laminate carries fastening means and is employed as a cushioning means, e.g. internally of protective headgear like the jaw pad in a football helmet.

In accordance with another feature of this invention there is provided a method for forming a solid self-supporting resilient cross-linked, foamed moldable polyolefin into a soft, energy-dissipating article in a mold having partible mold portions, said mold, when in a closed position defining an article forming cavity and having a peripheral parting surface, the method comprising: cutting stock of said polyolefin into preforms; at about room temperature positioning a sufficient number of said preforms, and, optionally, at least one insert, into said mold so that upon closing said mold and heating same, said mold cavity is filled with said sufficient number of preforms, and optional insert, tut [sic] without

either, or any, laterally extending into said peripheral parting surface; closing said mold and heating said closed mold containing said preforms, and optional insert, for a sufficient period of time for said preforms to conform to the adjacent mold cavity and said optional insert, when present, to bond to an adjacent portion of at least one of said sufficient number of preforms and thereby form a bonded, single piece article which is substantially free of flashing.

In accordance with another feature of this invention, a laminated article is provided comprising a first layer of foamed cross-linked polyolefin and a second layer of material overlaying said first layer of polyolefin, said second layer carrying perforate indicia and a portion of said first layer extending into said perforate indicia of said second layer. When different colored layers are employed the configuration can provide attractive identification and aesthetic appeal.

BRIEF DESCRIPTION OF THE DRAWINGS

The present invention will become more apparent by reference to the drawings wherein:

FIG. 1 illustrates the cutting of sheet stock into preforms;

FIG. 2 illustrates a mold, preforms and an insert which are used in accordance with the method of this invention;

FIG. 3 is a three dimensional representation of one of the products formed in accordance with the present invention;

FIG. 4 is a three dimensional representation of a protective head gear which is provided with the article shown in FIG. 3; 15 FIG. 5 is a sectional view taken along the line 5 – 5 of FIG. 4;

FIG. 6 illustrates the preforms and an insert employed in accordance with the present invention to form a thigh pad;

FIG. 7 is a three dimensional representation of a mold used to form such a thigh pad;

FIG. 8 shows the mold of FIG. 7 in a closed position and containing the preforms and insert of FIG. 6;

FIG. 9 is a three dimensional representation of a thigh pad formed in accordance with the present invention;

FIG. 10 is a sectional view taken along the line 10 – 10 of FIG. 8 and shows a thigh pad being molded;

FIG. 11 is a sectional view taken along the line 11 – 11 of FIG. 8 also showing the molding of a thigh pad.

DETAILED DESCRIPTION OF THE INVENTION

As previously indicated the present invention contemplates the use of the foamed cross-linked polyolefin (FXLPO) material in the form of a sheet or bun-stock. Such materials are readily commercially available and are supplied by Dynamit Nobel of America, Inc. under the trademark TROCELLEN, and by Monarch Rubber Co., under their designation Evalite. The polyolefins can be homopolymers of ethylene or homopolymers of propylene and/or copolymers of ethylene and/or propylene with copolymerizable monoolefinically unsaturated

monomers such as, for example, vinyl acetate. One such copolyxer which is widely commercially available is a copolymer of ethylene and vinyl acetate, typically with up to about 30% by weight of vinyl acetate as the comonomer. These materials are cross-linked by irradiation or by the use of chemical cross-linking agents such as the peroxides and hydroperoxides. Foaming is accomplished by using any of many well-known chemical or physical foaming agents. The (FXLPO) materials contemplated for use in the present invention obviously are not cross-linked to the extent that they are no longer formable. That is, the materials employed should only be partially cross-linked and the cross-linking should allow for the materials to be put into a mold and possess sufficient moldability, or deformability, when heated so that at least a rough cut edge can conform (flow or deform) to a smooth arcuate surface of the mold, whereby an article can be formed which has smooth edges rather than rough cut edges. These materials generally have high heat resistance, good fatigue resistance and good resistance to a wide variety of environmental conditions. In general the densities of the foamed cross-linked polyolefins (FXLPO) employed can vary over a wide range. Quite outstanding results will be obtained using materials having densities in the range of about 2 to about 10 or 12 pounds per cubic foot.

Referring to FIGS. 1-5, sheet stock 26 of the FXLPO material is first cut, for example using a die cutter 22, to form preforms 28. Molding of a preform, or a plurality of preforms either with or without the use of an insert, is effected by the use of metallic partible molds, respectively 10 and 12. Partible mold portion 12 includes an

article forming cavity 18, which as seen in FIG. 2, is generally arcuate, or C-shaped, in plan view. Cavity 18 is so formed that its lower edges 20 are smooth and founded so as to produce a more comfortable and aesthetically appealing product. When in a closed position the peripheral parting surfaces 14 and 16 of the mold are brought into intimate contact with each other. Partible mold portion 10 is provided with an inwardly (or downwardly) projecting molding surface 21 which upon closing snugly nests within cavity 18 and defines an article molding surface.

At least one preform 28 is employed which, in plan view, has a peripheral configuration substantially corresponding to the peripheral shape of cavity 18 in plan view. That is both cavity 18 and preform 28 are substantially the same in plan peripheral view. Alternatively, however, a preform can be cut which is generally a rectilinear preform 30 by use of a suitable cutting die 24. When a rectilinear member 30 is employed, it will need to be bent before it can be positioned within mold cavity 18. This is in contrast to the use of the C-shaped preform 28 which may be substantially directly placed within cavity 18. In either case, however, because of the cutting operation, the preforms are generally provided with rough cut edges 32. Of course, for aesthetic purposes and comfort when used in contact with the skin, these rough edges need to be formed into smooth rounded edges in the mold.

In referring to FIG. 2 alternate options of the present invention become apparent. In FIG. 2 plural preforms are employed, namely a preform 28 and a preform 29 which generally is of lesser thickness. These preforms obviously

can be tailored for preselected end uses by using FXLPO materials which have different densities. When different densities are not desired, a single preform 28 may be employed.

FIG. 2 also illustrates the optional use of a insert 34 which integrally carries suitable fastening means 36. Fastening means 36 can be any of a numerous variety of available fasteners, including metallic fasteners having orifices for snapping engagement with complementary fastening means on another article, or the fastening means can be Velcro material. There may, of course, be no need to employ any insert or an insert which carries fastening means depending on the desired end use.

In the embodiment set forth in FIG. 3, a soft, resilient, self-supporting energy dissipating jaw pad 42, which will be employed inside of a protective head gear such as, for example, football helmet 38 is illustrated. Such a pad needs to possess optional insert 34 which carries appropriate fastening means 36. Generally, insert 34 may be of any convenient material depending on the ultimate use including plastics (both thermoplastic and thermoset) or metals, for example aluminum, and paperboard. The insert can also be a reinforcing mat such as a glass fiber reinforcing mat or a polymeric reinforcing mat such as a polyethylene terephthalate fibrous mat. The insert may, or may not, include the integral fastening means 36 depending on the ultimate product use. The insert may take the form of a sheet, either curvilinear or planar, a film or a fabric, either woven or nonwoven. Outstanding products have been produced in accordance with this invention by using inserts whose resistance to flexure has been greater than that of the FXLPO material used for the

preform(s), i.e. the insert generally will be less elastic or more rigid. For the jaw pad example, the insert may be a polyolefin, preferably a cross-linked polyolefin and most desirably a foamed cross-linked polyolefin but one which has slighter greater density than the preform 28, and optional preform 29.

Preform 28 is positioned within cavity 18, and is overlayed with optional preform 29. Insert 34 is then positioned, or overlayed, on top of preform 29. Partible mold 10 is then brought into contact with the lower partible mold portion 12. The article defining molding surface of the formed cavity (including the snugly nesting molding surface 21) and the preform, or preforms, and optional insert, are selected so that upon closing the mold, preform 28, or optional preform 29 and the optional insert 34 are placed in gentle compressive contact with the cavity. Additionally, whether a single preform is used or plural preforms, either with or without an insert, the gently compressed material to be molded and/or bonded is within the article defining surfaces of the mold and are substantially confined within the mold and its cavity forming surfaced without laterally projecting into the peripheral parting surfaces 14 and 16 of mold halves 10 and 12.

The closed mold containing the molding materials 28, 29, 34 is then heated in any convenient manner such as, for example, in an air heated oven. The molds can also be heated by putting them in contact with any suitable heat transfer medium or for that matter designing the molds to allow the passage of a heat transfer medium therethrough. As previously indicated, it is generally desired to convert rough cut edges 32 to a smooth curved arcuate

edge 33 by molding the rough cut edge 32 in contact with the smooth edge 20 of the cavity 18. Consequently, the mold and materials to be molded, are heated to a temperature and for a time at least sufficient to effect that objective, that is for the rough edge to be molded and formed into a curved smooth edge. Typically, the heating is done at a temperature in the range of about 250° F. to about 500° F. for about 1 to about 20 minutes. During such heating not only are rough edges converted to smooth edges but in general the entire preform 28 takes on the configuration of the molding surfaces and results in the production of a much smoother aesthetically pleasing article.

After cooling, final article 42 is removed from the mold. This article, which is represented in the form of a C-shaped member, is employed inside of protective headgear like football helmet 38, as a safety and energy absorbing member. Headgear 38 includes a rigid protective shell 40 of a suitable polymeric material and the article 42 is disposed internally of shell 40 as a jaw pad. The jaw pad 42 is attached to the shell 40 by suitable inter-engaging fastening means, generally designated 44, one part 46 of which is carried by the shell 40 and the other part 36 of which is carried by jaw pad 42. The fastening means 44 can best be seen in FIG. 5 which shows the attachment of jaw pad 42 to shell 40 by the inter-engaging fastening means 46 and 36, respectively. In the preferred embodiment the fastening means 44 will be conventional metallic snap fasteners.

Thus from the above it will be apparent that the present method provides a technique whereby a variety of FXLPO materials, e.g. of varying densities, can be

tenaciously heat bonded to each other and/or molded into finished articles have smooth surfaces. By properly selecting at least one preform (or a plurality of preforms) either with or without an insert, to fill the cavity so that the preform, or preforms and optional insert are placed in gentle compressive contact with the molding surfaces but are confined within the cavity and without laterally projecting into the peripheral parting surface, production economies are obtained. There is no flashing which must be removed because the materials do not significantly enter the peripheral parting surface, or line, of the mold during molding.

Referring now to FIGS. 6-11, another embodiment of the invention is illustrated wherein a thigh pad 48 conventionally used with football equipment is fabricated. The thigh pad is generally illustrated in FIG. 9 and includes a somewhat centrally disposed recessed panel 64 and a slight annular collar 62. The thigh pad in transverse cross section is generally concave. Thigh pad 48 is formed from two preforms, best seen in FIG. 6, 50 and 52 respectively with the upper portions 54 of each of the preforms being somewhat larger than the lower, or bottom portions, 56 and the sides thereof gradually tapering from upper portion 54 to lower portions 56. Preforms 50 and 52 are each formed from a foamed cross-linked polyolefin and the specific materials of each preform may be the same or different. In addition to the preforms, an insert 58 is employed with the insert having disposed along its longitudinal dimension a plurality of downwardly protruding ribs 60. In transverse cross section, both through the main body portion of insert 58 and through ribs 60, the insert is upwardly concave. The preform, 50, which is

disposed upwardly of the upwardly concave insert generally will be of a slightly smaller area than will the lower preform, 52.

Preforms 50 and 52 are cut from a stock with a cutting die and also include rough edges 33. Insert 58 is generally formed of a rigid non-foamed material, preferably an organic polymer (such as, for example, polyvinyl chloride or the like) or a metal (like aluminum) and, obviously, adds strength and rigidity to the thigh pad. Outstanding results will be obtained using a rigid polyvinyl chloride insert, e.g. a curvilinear sheet with a thickness of about 1/16 to about 1/8 inch. Insert 58 becomes substantially totally enveloped and encapsulated between preforms 50 and 52 and preforms 50 and 52 in turn become tenaciously peripherally bonded to each other and, depending on its composition, to insert 58 during the molding operation generally illustrated in FIGS. 7, 8, 10 and 11.

The molds include partible mold halves, 66 and 68, which mold halves are pivotally mounted, as by rod 74, and can be closed and clamped by the clamping mechanism 76. The mold includes peripheral parting surfaces 70 and 72, respectively. The preforms and insert are such that preforms 50 and 52 are gently compressed within the mold cavity upon closing of the mold halves. The preforms are also substantially confined within the molding cavity without lateral projection into the mold parting surfaces, e.g. 70 and 72. This is best exemplified in FIGS. 10 and 11 where in it will be seen that upon first positioning the lower preform 52 into the partible mold 66 and then, overlaying, insert 58 thereon, followed by the positioning of preform 50 thereover, the insert and preforms

are confined within the article defining surfaces of the mold cavity and do not project laterally into the mold parting surfaces. Upon heating, small portions of preforms 50 and 52 may tend to creep into the mold parting surfaces, but if this happens the amount is so insignificant that virtually no unacceptable flashing forms and that the final article 48 still does not need to be trimmed. The closed mold with the insert and preforms are heated at a temperature for a time sufficient such that rough edges, like edges 33, can flow and form into the smooth arcuate edges 78 by contact with the smooth curved molding surfaces.

Because the preform or preforms, and optional inserts, are all positioned in a mold while the insert and preforms are at room temperature, there is little difficulty in positioning them in the proper place because they are not in a heated or sticky state when handled. This provides an improvement over the practices noted previously. This convenient indexing is itself a great benefit but it also appears that undesired air entrapment is also virtually eliminated.

It will be recalled that hip pad configurations were indicated to have a raised centrally located portion but because of the handling of heated panels it is expensive and difficult to form raised portions on the hip pad by inserting a material which is not the same as the material of the base portion. The difficulty in handling a tacky heated sheet stock insert is the cause of the problem. In accordance with the present invention, because the FXLPO materials are positioned within the mold at room temperature, this problem is obviated. The method provides an opportunity to easily form the raised portions of

a hip pad from a material which is not the same as the base material.

Based on the foregoing, it will be apparent that many options exist for taking advantage of the present invention. For example, and, although not shown, perhaps best appreciated by reference to the embodiment described with respect to FIG. 2, at least one of the preforms 29 and/or the insert 34 can be provided with perforate indicia so that upon closing of the mold, and molding by heating, foamed cross-linked polyolefin from a different preform can enter into the perforate indicia. This perforate indicia can take the form of any suitable opening, or openings, which defines lettering and/or a suitable design. The lettering obviously can be used for identification and/or advertising purposes. The design can similarly be a manufacturer's logo and function similarly. In this way, and especially in the case when different colors are shared in the preform and/or insert, the laminated configuration can provide an attractive identification and aesthetically appealing structure. Thus, for example, if it were desired to form, in accordance with FIG. 2, an article (other than a jaw pad or one needing insert 34) having some distinctive indicia thereon, preform 29 would have an opening or openings made through it. The opening(s) would, for example, be a name so that when molded FXLPO material from preform 28 would enter the openings and provide a contrasting indicia on the presurface of preform 29. Use of contrasting colors for preforms 29 and 28 provides an opportunity for many appealing structures.

In a like manner, insert 34 could be provided with perforate indicia (either with or without fastening means

36) so as to allow the adjacently downwardly FXLPO material from a preform 29 (or 28 depending on how many are used) to form the identification or design indicia by entering and generally heat bonding to the indicia defining surfaces.

While no vents are shown in the molds, it is generally preferred to provide appropriately arranged small vent holes. Additionally, in practicing this invention, it has been found that non-cross linked foamed polyolefins are generally not satisfactory for the present purposes because they contract and soften and flow when heated. Outstanding shock energy absorbing materials have been produced with materials indicated above and without the utilization of any polyurethane or foamed polyurethane or any precursors to a polyurethane or foamed polyurethane. Additionally it should be noted that tenacious teat bonding between FXLPO materials is effected without the necessity for dipping any of the preforms or inserts into organic peroxide solutions.

Having described the invention it will of course be apparent that modifications are possible which pursuant to the patent statutes and laws do not depart from the spirit and scope thereof.

What is claimed is:

1. A method for forming a soft, resilient, self-supporting, energy-dissipating article in a mold having particle mold portions, said mold, when in a closed position, defining an article forming cavity which includes a smooth arcuate edge and said mold having a peripheral parting surface, said method comprising: cutting sheet stock of foamed, cross-linked polyolefin into preforms

having a rough edge, said polyolefin being at least capable of being sufficiently thermoformed to allow a rough edge to be formed into a smooth edge, and said preforms, in plan view, having a peripheral configuration substantially corresponding to the peripheral shape of the cavity in plan peripheral view; at about room temperature, positioning a sufficient number of said preforms and, optionally at least one insert, into a mold portion so that upon closing and heating the mold said preform, or preforms, an optional insert are placed in compressive contact with the cavity and are substantially confined within said cavity without laterally projecting into said peripheral parting surface; heating a closed mold containing said preforms and optional insert for a sufficient period of time to allow said rough edge of said polyolefin to be formed into a smooth edge by contact with said smooth edge of said mold cavity and wherein, when plural preforms are used, and/or said optional insert is employed, said heating is done at a sufficient temperature for a sufficient time to form a bonded unitary article.

2. The method of claim 1, wherein a single preform is so positioned in said mold portion.

3. The method of claim 1 wherein at least two such preforms are so positioned.

4. The method of claim 1 where in at least one insert is positioned in a mold portion.

5. The method of claim 1 wherein said insert carries integral fastening means.

6. The method of claim 4 wherein said insert is a nonfoamed rigid organic polymer.

7. The method of claim 4 wherein said insert is a foamed, cross-linked polyolefin having a greater density than the density of said preform.

8. The method of claim 7 where in said preform has a density of about 2 to about 8 #/Ft^3 and said insert has a density in excess of about 4 #/Ft^3.

9. The method of claim 1 wherein said polyolefin is a closed cell polyethylene.

10. The method of claim 5 wherein said preform and said insert are generally C-shaped.

11. The method of claim 1 wherein said heating is also done for a sufficient period of time that the outwardly exposed surface of said preform becomes smoother.

12. A method for forming a solid self-supporting resilient cross-linked, foamed moldable polyolefin into a soft, energy-dissipating article in a mold having particle mold portions, said mold, when in a closed position defining an article forming cavity and having a peripheral parting surface, the method comprising: cutting stock of said polyolefin into preforms; at about room temperature positioning a sufficient number of said preforms, and, optionally, at least one insert, into said mold so that upon closing said mold and heating same, said mold cavity is filled with said sufficient number of preforms, and optional insert, but without either laterally extending into said peripheral parting surface; closing said mold and heating said closed mold containing said preforms, and optional insert, for a sufficient period of time for said preforms to conform to the adjacent mold

cavity and said optional insert, when present, to bond to an adjacent portion of at least one of said sufficient number of preforms and thereby form a bonded, single piece article, said method thereby producing an article which is substantially free of flashing.

13. The method of claim 12 where in said sufficient number of preforms is one.

14. The method of claim 12 where in said sufficient number of preforms, and said optional insert fill said mold cavity at about room temperature when said mold is closed and prior to said heating.

15. The method of claim 13 wherein an insert is positioned in said mold so as to be enveloped by at least two contacting preforms.

16. The method of claim 12 wherein at least one insert is employed, said insert having means thereon for fastening said insert and single piece article to a member carrying complementary means for interengageably fastening to said insert fastening means.

17. The method of claim 16 where said insert's fastening means comprises an orifice.

18. The method of claim 12 where in neither said optional insert of any of said sufficient number of preforms is formed of a polyurethane or a polyurethane forming precursor.

19. The method of claim 12 wherein (i) at least one of said number of preforms and/or said insert are provided with perforate indicia and wherein said perforate indicia carrying preform and/or insert are so positioned in said mold that upon closing said mold and heating,

foamed cross-linked polyolefin from a preform, enters into said perforate indicia.

20. The method of claim 19 wherein said foamed cross-linked polyolefin which enters said perforate indicia is of a color different than said preform and/or insert provided with said perforate indicia.

21. A method for molding a foamed cross-linked polyolefin in a mold having partible mold portions comprising positioning said foamed cross-linked polyolefin while substantially at about room temperature in a cavity portion of said mold, closing said partible mold portions and heating said mold and said polyolefin so as to mold and conform outer portions of said polyolefin to the surface of the mold cavity, the amount of polyolefin being such that during said heating substantially no polyolefin extends into the mating parting surfaces of the closed partible mold portions.

22. The method for forming a molded foamed cross-linked polyolefin article which is substantially free of flashing in a mold having partible mold halves which when closed define a cavity and a contiguous peripheral mold parting line comprising: positioning, while at substantially room temperature, foamed cross-linked polyolefin into a cavity portion of said mold; closing said mold; heating said mold for a sufficient period of time to form said article.

23. The method of claim 22 where in the amount of polyolefin material positioned in the mold is insufficient to substantially extend into said parting line upon closing said mold and heating.

* * *

United States Patent [19]

Nelson et al.

02/3/02A

[11] Patent Number: 5,273,702

[45] Date of Patent: *Dec. 28, 1993

[54] METHOD OF FORMING A CROSS LINKED FOAMED POLYOLEFIN ARTICLE

[75] Inventors: Donald E. Nelson, Adrian, Mich.; James E. Lammy, Sr., Napoleon, Ohio

[73] Assignee: Ohio Cellular Products, Inc., Wauseon, Ohio

[*] Notice: The portion of the term of this patent subsequent to Dec. 25, 2007 has been disclaimed.

[21] Appl. No.: 790,222

[22] Filed: Nov. 8, 1991

Related U.S. Application Data

[60] Continuation of Ser. No. 541.588, Jun. 21, 1990, abandoned, which is a division of Ser. No. 180.824. Apr. 12, 1988. Pat. No. 4,930.110.

[51] Int. Cl. B29C 43/18; B29C 43/20

[52] U.S. Cl. 264/152; 264/153; 264/276; 264/308; 264/321; 264/331.17

[58] Field of Search 264/321, 308, 331.17, 264/153, 138, 276, 152

[56] References Cited

U.S. PATENT DOCUMENTS

1,978,985	10/1934	Cobb	264/276
3,108,852	10/1963	Olsen	264/321
3,344,222	9/1967	Shapiro et al.	264/321
3,954,537	5/1976	Alfrer et al.	156/306
4,193,957	3/1980	Kauffman et al.	264/321
4,307,471	12/1981	Lovell	2/411
4,315,050	2/1982	Rourke	264/259
4,326,303	4/1982	Rappeyea	2/411
4,327,049	4/1982	Miller	264/257
4,575,470	3/1986	Fakirov et al.	156/307.1
4,595,551	6/1986	Maurer	264/321
4,676,041	6/1987	Ford	264/257
4,980,110	12/1990	Nelson et al.	264/321

FOREIGN PATENT DOCUMENTS

251254	5/1963	Australia	264/321
155019	9/1984	Japan	264/321

OTHER PUBLICATIONS

"Trocellen Cross-Linked Polyethylene Foam The New Fashion in Foams for the 1980's.," Dynamit Nobel of America Inc., S. Holland, Ill.

"Crossed-Linked Polyolefin Foams", Alien, *J. of Cellular Plastics*, Jan./Feb. 1984, pp. 70-71.

Primary Examiner – James Lowe

Attorney, Agent, or Firm – McAndrews, Held & Malloy, Ltd.

[57] ABSTRACT

A method for forming soft, resilient, smooth, energy dissipating articles from foamed partially cross-linked polyolefins wherein sheet stock is cut into a preform and the preform while at room temperature is positioned within a mold cavity formed by partible mold halves. The preforms and the cavity of the molds are so arranged and constructed that after molding there is no flashing needing trimming because the polyolefin is substantially confined within the cavity without any lateral projection into the parting surfaces of the mold.

23 Claims, 4 Drawing Sheets

[Diagram Omitted]

METHOD OF FORMING A CROSS LINKED FOAMED POLYOLEFIN ARTICLE

This is a continuation of application Ser. No. 07/541,588, filed Jun. 21, 1990, now abandoned, which is a divisional of application Ser. No. 07/180,824, filed on Apr. 12, 1988, now U.S. Pat. No. 4,980,110.

TECHNICAL FIELD

The present invention relates to the manufacture of cushioning, or energy absorbing, materials such as, for example, that traditionally used in athletic equipment. Even more particularly the present invention relates to methods of molding a moldable, cross-linked, foamed polyolefin. The present invention is also directed to

methods for producing tenaciously bonded laminates of cross-linked closed-cell foamed polyolefin in which one of the laminate layers has a density different than the other laminate layer.

BACKGROUND ART

Articles have been manufactured in the past from foamed, cross-linked polyolefin wherein such articles were intended for use as shock absorbing, or cushioning members, in a wide variety of applications, including athletic equipment. Such members have been manufactured by others by a process wherein a panel, or sheet-stock, of foamed cross-linked polyolefin (FXLPO), particularly polyethylene, is heated to an elevated temperature and this preheated material then manually positioned within a mold in such manner that a peripheral portion is clamped and sealed in the parting line of complimentary partible mold elements. The material can be further heated and either vacuum molded or compression molded to a preselected shape. It will be appreciated that difficulty is encountered in handling such heated sheet stock because of the tacky, adhesive and cohexive nature of the heated FXLPO material. Quite commonly in manually handling the heated FXLPO panel, portions thereof stick together prior to proper positioning in the mold, hence resulting in a situation where an acceptable product can not be manufactured and material is wasted. Additionally, because of the clamping of the peripheral boundary of the panel in the mold parting line a great deal of waste flashing is created and must be removed. This, of course, uneconomically increases labor costs and material costs.The problems noted above are common in

forming various pads for sports and athletic equipment such as, for example, hip pads, thigh pads, and knew pads for football equipment. The laterally extending flashing problem in forming such pads is particularly troublesome from a labor and wasted material point of view. Present hip pad configurations for use with football equipment, generally have substantially raised, somewhat centrally located portions extending outwardly from a base portion. With the above-described manufacturing techniques currently employed, it is expensive to form such raised portions of a material which is not the same as the material of the base portion of the hip pad. That is, because of the difficulty in handling the tacky, hot sheet stock and the problem of accurately manually positioning, and indexing, a different material unto such a tacky material, such pads are unitarily formed from a single piece of sheet stock. It would be desirable to have a process wherein such hip pads could be formed with the raised portion and base portion being of different materials.

In manufacturing thigh pads by the above process there currently is a problem with regard to unacceptable entrapment of air during forming and also difficulty in properly indexing the components used to form these pads. Such thigh pads typically would be formed by first positioning a heated panel of cross-linked, foamed polyolefin in a mold portion, followed by positioning a rigid plastic insert upon the preheated panel. This, in turn, would then be followed by positioning another panel of heated, foamed, cross-linked polyolefin onto the plastic insert in a manner so as to both encapsulate the insert between the two panels, and join the panels at their

periperhy. The materials would then be peripherally clamped at a mold parting line. This technique, because of the adhesive nature of the heated panels, obviously creates an air entrapment problem if the air is not removed as the laminate is being built up. The removal of such air when handling the sticky, heated panels is indeed, a difficult task. The entrapped air then creates air pockets during molding, resulting in a product which could be unacceptable. Indexing is also quite difficult when one considers the sticky, adhesive and cohesive characteristics of the FXLPO which is being handled. Both of these problems contribute to poor quality, increased labor costs and increased wasted material.

Thus it will be seen that there is a need in the art for providing a process wherein products can be formed without encountering the undesired sticking problem which results when handling heated, foamed, cross-linked polyolefin. A process is also needed wherein the undesired formation of laterally extending flashing during the molding operation is virtually eliminated. A process is also needed wherein laminates can be formed such as, for example, thigh pads without encountering severe air entrapment problems between the various layers.

DISCLOSURE OF THE INVENTION

In accordance with the present invention an improved process is provided which satisfies the above indicated needs in the art.

In accordance with one feature of the present invention a process is provided for forming a soft resilient self-supporting energy-dissipating article in a mold having

partible mold portions, the mold when in a closed position, defining an article forming cavity which includes smooth arcuate edge and said mold having a peripheral parting surface, the process comprises: cutting sheet stock of foamed resilient cross-linked polyolefin into preforms inherently having a somewhat rough non-arcuate edge, said polyolefin being at least capable of being sufficiently thermoformed, or molded, to allow such edge to be formed into an arcuate smooth edge, and said preforms, in plan view, having in one embodiment a peripheral configuration, when in a relaxed condition, substantially corresponding to the peripheral shape of the cavity in plan peripheral view; at about room temperature positioning a sufficient number of said preforms and, optionally, at least one insert into a mold portion so that upon closing and heating the mold said preform or preforms and optional insert are placed in gentle compressive contact with the cavity and are substantially confined within said cavity without lateral projection into said peripheral parting surface; closing the mold and heating the closed mold for a sufficient period of time to allow said non-arcuate, rough edge of said polyolefin to be thermoformed (heat formed) into a smooth, arcuate edge by contact with the smooth arcuate edge of said mold cavity. When plural preforms are used and/or said optional insert is employed, the heating is sufficient to form a bonded unitary article.

In another embodiment, e.g. when the mold cavity is arcuate in plan view, the preform can be cut as a generally rectilinear member and the member bent when positioning in the mold as opposed to the previous

embodiment where it can be directly positioned in the mold cavity without significant bending.

In accordance with another feature of this invention an article of manufacture is provided which is a laminate comprised of a first portion of a foamed cross-linked polyolefin and a second portion of a foamed cross-linked polyolefin tenaciously bonded to said first portion, said second portion having a density greater than said first portion. In accordance with another feature of this invention, such laminate carries fastening means and is employed as a cushioning means, e.g. internally of protective headgear like the jaw pad in a football helmet.

In accordance with another feature of this invention there is provided a method for forming a sold self-supporting resilient cross-iinked, foamed moldable polyolefin into a soft, energy-dissipating article in a mold having partible mold portions, said mold, when in a closed position defining an article forming cavity and having a peripheral parting surface, the method comprising: cutting stock of said polyolefin into preforms; at about room temperature positioning a sufficient number of said preforms, and, optionally, at least one insert, into said mold so that upon closing said mold and heating same, said mold cavity is filled with said sufficient number of preforms, and optional insert, but without either, or any, laterally extending into said peripheral parting surface; closing said mold and heating said closed mold containing said preforms, and optional insert, for a sufficient period of time for said preforms to conform to the adjacent mold cavity and said optional insert, when present, to bond to an adjacent portion of at least one of said sufficient number of preforms and thereby form a

bonded, single piece article which is substantially free of flashing.

In accordance with another feature of this invention, a laminated article is provided comprising a first layer of foamed cross-linked polyolefin and a second layer of material overlaying said first layer of polyolefin, said second layer carrying perforate indicia and a portion of said first layer extending into said perforate indicia of said second layer. When different colored layers are employed the configuration can provide attractive identification and aesthetic appeal.

BRIEF DESCRIPTION OF THE DRAWINGS

The present invention will become more apparent by reference to the drawings wherein:

FIG. 1 illustrates the cutting of sheet stock into preforms;

FIG. 2 illustrates a mold, preforms and an insert which are used in accordance with the method of this invention;

FIG. 3 is a three dimensional representation of one of the products formed in accordance with the present invention;

FIG. 4 is a three dimensional representation of a protective head gear which is provided with the article shown in FIG. 3;

FIG. 5 is a sectional view taken along the line 5 – 5 of FIG. 4;

FIG. 6 illustrates the preforms and an insert employed in accordance with the present invention to form a thigh pad;

FIG. 7 is a three dimensional representation of a mold used to form such a thigh pad;

FIG. 8 shows the mold of FIG. 7 in a closed position and containing the preforms and insert of FIG. 6;

FIG. 9 is a three dimensional representation of a thigh pad formed in accordance with the present invention;

FIG. 10 is a sectional view taken along the line 10 – 10 of FIG. 8 and shows a thigh pad being molded;

FIG. 11 is a sectional view taken along the line 11 – 11 of FIG. 8 also showing the molding of a thigh pad.

DETAILED DESCRIPTION OF THE INVENTION

As previously indicated the present invention contemplates the use of the foamed cross-linked polyolefin (FXLPO) material in the form of a sheet or bun-stock. Such materials are readily commercially available and are supplied by Dynamit Nobel of America, Inc. under the Trademark Trocellen, and by Monarch Robber Co., under their designation Evalite. The polyolefins can be homopolymers of ethylene or homopolymers of propylene and/or copolymers of ethylene and/or propylene with copolymerizable monoolefinically unsaturated monomers such as, for example, vinyl acetate. One such copolymer which is widely commercially available is a copolymer of ethylene and vinyl acetate, typically with up to about 30% by weight of vinyl acetate as the comonomer. These materials are cross-linked by irradiation or by the use of

chemical cross-linking agents such as the peroxides and hydroperoxides. Foaming is accomplished by using any of many well-known chemical or physical foaming agents. The (FXLPO) materials contemplated for use in the present invention obviously are not cross-linked to the extent that they are no longer formable. That is, the materials employed should only be partially cross-linked and the cross-linking should allow for the materials to be put into a mold and possess sufficient moldability, or deformability, when heated so that at least a rough cut edge can conform (flow of deform) to a smooth arcute surface of the mold, whereby an article can be formed which has smooth edges rather than rough cut edges. These materials generally have high heat resistance, good fatigue resistance and good resistance to a wide variety of environmental conditions. In general the densities of the foamed cross-linked polyolefins (FXLPO) employed can vary over a wide range. Quite outstanding results will be obtained using materials having densities in the range of about 2 to about 10 or 12 pounds per cubic foot.

Referring to FIGS. 1-5, sheet stock 26 of the FXLPO material is first cut, for example using a die cutter 22, to form preforms 28. Molding of a preform, or a plurality of preforms either with or without the use of an insert, is effected by the use of metallic partible molds, respectively 10 and 12. Partible mold portion 12 includes an article forming cavity 18, which as seen in FIG. 2, is generally arcuate, or C-shaped, in plan view. Cavity 18 is so formed that its lower edges 20 are smooth and rounded so as to produce a more comfortable and aesthetically appealing product. When in a closed position the peripheral parting surfaces 14 and 16 of the mold are

brought into intimate contact with each other. Partible mold portion 10 is provided with an inwardly (or downwardly) projecting molding surface 21 which upon closing snugly nests within cavity 18 and defines an article molding surface.

At least one preform 28 is employed which, in plan view, has a peripheral configuration substantially corresponding to the peripheral shape of cavity 18 in plan view. That is both cavity 18 and preform 28 are substantially the same in plan peripheral view. Alternatively, however, a preform can be cut which is generally a rectilinear preform 30 by use of a suitable cutting die 24. When a rectilinear member 30 is employed, it will need to be bent before it can be positioned within mold cavity 18. This is in contrast to the use of the C-shaped preform 28 which may be substantially directly placed within cavity 18. In either case, however, because of the cutting operation, the preforms are generally provided with rough cut edges 32. Of course, for aesthetic purposes and comfort when used in contact with the skin, these rough edges need to be formed into smooth rounded edges in the mold.

In referring to FIG. 2 alternate options of the present invention become apparent. In FIG. 2 plural preforms are employed, namely a preform 28 and a preform 29 which generally is of lesser thickness. These preforms obviously can be tailored for preselected end uses by using FXLPO materials which have different densities. When different densities are not desired a single preform 28 may be employed.

FIG. 2 also illustrates the optional use of a insert 34 which integrally carries suitable fastening means 36. Fastening means 36 can be any of a numerous variety of available fasteners, including metallic fasteners having orifices for snapping engagement with complementary fastening means on another article, or the fastening means can be Velcro material. There may, of course, be no need to employ any insert or an insert which carries fastening means depending on the desired end use.

In the embodiment set forth in FIG. 3, a soft, resilient, self-supporting energy dissipating jaw pad 42, which will be employed inside of protective head gear such as, for example, football helmet 38 is illustrated. Such a pad needs to possess optional insert 34 which carries appropriate fastening means 36. Generally, insert 34 may be of any convenient material depending on the ultimate use including plastics (both thermoplastic and thermoset) or metals, for example aluminum, and paperboard. The insert can also be a reinforcing mat such as a glass fiber reinforcing mat or a polymeric reinforcing mat such as a polythylene terephthalate fibrous mat. The insert may, or may not, include the integral fastening means 36 depending on the ultimate product use. The insert may take the form of a sheet, either curvilinear or planar, a film or a fabric, either woven or non-woven. Outstanding products have been produced in accordance with this invention by using inserts whose resistance to flexure has been greater than that of the FXLPO material used for the preform(s), i.e. the insert generally will be less elastic or more rigid. For the jaw pad example, the insert may be a polyolefin, preferably a cross-linked polyolefin and most desirably a foamed cross-linked polyolefin but one which has

slighter greater density than the preform 28, and optional preform 29.

Preform 28 is positioned within cavity 18, and is overlayed with optional preform 29. Insert 34 is then positioned, or overlayed, on top of preform 29. Partible mold 10 is then brought into contact with the lower partible mold portion 12. The article defining molding surface of the formed cavity (including the snugly nesting molding surface 21) and the preform, or preforms, and optional insert, are selected so that upon closing the mold, preform 28, or optional preform 29 and the optional insert 34 are placed in gentle compressive contact with the cavity. Additionally, whether a single preform is used or plural preforms, either with or without an insert, the gently compressed material to be molded and/or bonded is within the article defining surfaces of the mold and are substantially confined within the mold and its cavity forming surface without laterally projecting into the peripheral parting surfaces 14 and 16 of mold halves 10 and 12.

The closed mold containing the molding materials 28, 29, 34 is then heated in any convenient manner such as, for example, in an air heated oven. The molds can also be heated by putting them in contact with any suitable heat transfer medium or for that matter designing the molds to allow the passage of a heat transfer medium therethrough. As previously indicated, it is generally desired to convert rough cut edges 32 to a smooth curved arcuate edge 33 by molding the rough cut edge 32 in contact with the smooth edge 20 of the cavity 18. Consequently, the mold and materials to be molded, are heated to a temperature and for a time at least sufficient to effect that

objective, that is for the rough edge to be molded and formed into a curved smooth edge. Typically, the heating is done at a temperature in the range of about 250° F, to about 500° F, for about 1 to about 20 minutes. During such heating not only are rough edges converted to smooth edges but in general the entire preform 28 takes on the configuration of the molding surfaces and results in the production of a much smoother aesthetically pleasing article.

After cooling, final article 42 is removed from the mold. This article, which is represented in the form of a C-shaped member, is employed inside of protective headgear like football helmet 38, as a safety and energy absorbing member. Headgear 38 includes a rigid protective shell 40 of a suitable polymeric material and the article 42 is disposed internally of shell 40 as a jaw pad. The jaw pad 42 is attached to the shell 40 by suitable inter-engaging fastening means, generally designated 44, one part 46 of which is carried by the shell 40 and the other part 36 of which is carried by jaw pad 42. The fastening means 44 can best be seen in FIG. 5 which shows the attachment of jaw pad 42 to shell 40 by the inter-engaging fastening means 46 and 36, respectively. In the preferred embodiment the fastening means 44 will be conventional metallic snap fasteners.

Thus from the above it will be apparent that the present method provides a technique whereby a variety of FXLPO materials, e.g. of varying densities, can be tenaciously heat bonded to each other and/or molded into finished articles having smooth surfaces. By properly selecting at least one preform (or a plurality of preforms) either with or without an insert, to fill the cavity so that

the preform, or preforms and optional insert are placed in gentle compressive contact with the molding surfaces but are confined within the cavity and without laterally projecting into the peripheral parting surface, production economies are obtained. There is no flashing which must be removed because the materials do not significantly enter the peripheral parting surface, or line, of the mold during molding.

Referring now to FIGS. 6-11, another embodiment of the invention is illustrated wherein a thigh pad 48 conventionally used with football equipment is fabricated. The thigh pad is generally illustrated in FIG. 9 and includes a somewhat centrally disposed recessed panel 64 and a slight annular collar 62. The thigh pad in transverse cross section is generally concave. Thigh pad 48 is formed from two preforms, best seen in FIG. 6, 50 and 52 respectively with the upper portions 54 of each of the preforms being somewhat larger than the lower, or bottom portions, 56 and the sides thereof gradually tapering from upper portion 54 to lower portions 56. Preforms 50 and 52 are each formed from a foamed cross-linked polyolefin and the specific materials of each preform may be the same or different. In addition to the preforms, an insert 58 is employed with the insert having disposed along its longitudinal dimension a plurality of downwardly protruding ribs 60. In transverse cross section, both through the main body portion of insert 58 and through ribs 60, the insert is upwardly concave. The preform, 50, which is disposed upwardly of the upwardly concave insert generally will be of a slightly smaller area than will the lower preform, 52.

Preforms 50 and 52 are cut from a stock with a cutting die and also include rough edges 33. Insert 58 is generally formed of a rigid non-foamed material, preferably an organic polymer (such as, for example, polyvinyl chloride or the like) or a metal (like aluminum) and, obviously, adds strength and rigidity to the thigh pad. Outstanding results will be obtained using a rigid polyvinyl chloride insert, e.g. a curvilinear sheet with a thickness of about 1/16 to about 1/2 inch. Insert 58 becomes substantially totally enveloped and encapsulated between preforms 50 and 52 and preforms 50 and 52 in turn become tenaciously peripherally bonded to each other and, depending on its composition, to insert 58 during the molding operation generally illustrated in FIGS. 7, 8, 10 and 11.

The molds include partible mold halves, 66 and 68, which mold halves are pivotally mounted, as by rod 74, and can be closed and clamped by the clamping mechanism 76. The mold includes peripheral parting surfaces 70 and 72, respectively. The preforms and insert are such that preforms 50 and 52 are gently compressed within the mold cavity upon closing of the mold halves. The preforms are also substantially confined within the molding cavity without lateral projection into the mold parting surfaces, e.g. 70 and 72. This is best exemplified in FIGS. 10 and 11 wherein it will be seen that upon first positioning the lower preform 52 into the partible mold 66 and then, overlaying, insert 58 thereon, followed by the positioning of preform 50 thereover, the insert and preforms are confined within the article defining surfaces of the mold cavity and do not project laterally into the mold

parting surfaces. Upon heating, small portions of preforms 50 and 52 may tend to creep into the mold parting surfaces, but if this happens the amount is so insignificant that virtually no unacceptable flashing forms and that the final article 48 still does not need to be trimmed. The closed mold with the insert and preforms are heated at a temperature for a time sufficient such that rough edges, like edges 33, can flow and form into the smooth arcuate edges 78 by contact with the smooth curved molding surfaces.

Because the preform or preforms, and optional inserts, are all positioned in a mold while the insert and preforms are at room temperature there is little difficulty in positioning them in the proper place because they are not in a heated or sticky state when handled. This provides an improvement over the practices noted previously. This convenient indexing is itself a great benefit but it also appears that undesired air entrapment is also virtually eliminated.

It will be recalled that hip pad configurations were indicated to have a raised centrally located portion but because of the handling of heated panels it is expensive and difficult to form raised portions on the hip pad by inserting a material which is not the same as the material of the base portion. The difficulty in handling a tacky heated sheet stock insert is the cause of the problem. In accordance with the present invention, because the FXLPO materials are positioned within the mold at room temperature, this problem is oviated. The method provides an opportunity to easily form the raised portions of a hip pad from a material which is not the same as the base material.

Based on the foregoing, it will be apparent that many options exist for taking advantage of the present invention. For example, and, although not shown, perhaps best appreciated by reference to the embodiment described with respect to FIG. 2, at least one of the preforms 29 and/or the insert 34 can be provided with perforate indicia so that upon closing of the mold, and molding by heating, foamed cross-linked polyolefin from a different preform can enter into the perforate indicia. This perforate indicia can take the form of any suitable opening, or openings, which defines lettering and/or a suitable design. The lettering obviously can be used for identification and/or advertising purposes. The design can similarly be a manufacturer's logo and function similarly. In this way, and especially in the cast when different colors are used in the preform and/or insert, the laminated configuration can provide an attractive identification and aesthetically appealing structure. Thus, for example, if it were desired to form, in accordance with FIG. 2, an article (other than a jaw pad or one needing insert 34) having some distinctive indicia thereon, preform 29 would have an opening or openings made through it. The opening(s) would, for example, be a name so that when molded FXLPO material from preform 28 would enter the openings and provide a contrasting indicia on the upper surface of preform 29. Use of contrasting colors for preforms 29 and 28 provides an opportunity for many appealing structures.

In a like manner, insert 34 could be provided with perforate indicia (either with or without fastening means 36) so as to allow the adjacently downwardly FXLPO material from a preform 29 (or 28 depending on how

many are used) to form the identification or design indicia by entering and generally heat bonding to the indicia defining surfaces.

While no vents are shown in the molds, it is generally preferred to provide appropriately arranged small vent holes. Additionally, in practicing this invention, it has been found that non-cross linked foamed polyolefins are generally not satisfactory for the present purposes because they contract and soften and flow when heated. Outstanding shock energy absorbing materials have been produced with materials indicated above and without the utilization of any polyurethane or foamed polyurethane or any precursors to a polyurethane or foamed polyurethane. Additionally it should be noted that tenacious heat bonding between FXLPO materials is effected without the necessity for dipping any of the preforms or inserts into organic peroxide solutions.

Having described the invention it will of course be apparent that modifications are possible which pursuant to the patent statutes and laws do not depart from the spirit and scope thereof.

What is claimed is:

1. A method for forming a foamed, cross-linked polyolefin into an article in a mold having partible mold portions, said mold, when in a closed position, defining an article forming cavity which includes a smooth arcuate edge and said mold having a peripheral parting surface, said method comprising the steps of: cutting sheet stock of foamed, cross-linked polyolefin into a preform having a rough edge, said polyolefin being at least capable of being sufficiently thermoformed to allow a rough edge to

be formed into a smooth edge, and said preform, in plan view, having a peripheral configuration substantially corresponding to the peripheral shape of the cavity in plan peripheral view: positioning said preform, below the temperature at which said preform is rendered tacky or sticky, into a mold portion so that, upon closing and heating the mold, said preform is placed in compressive contact with the cavity and is substantially confined within said cavity without laterally projecting into said peripheral parting surface; and heating a closed mold containing said preform for a sufficient period of time to allow said rough edge of said polyolefin to be formed into a smooth edge by contact with said smooth edge of said mold cavity.

2. The method of claim 1, further comprising the step of positioning an insert into a mold portion, wherein said heating step is done at a sufficient temperature and for a sufficient time to form a bonded unitary article.

3. The method of claim 1, further comprising the steps of positioning more than one preform into a mold portion, wherein said heating is done at a sufficient temperature and for a sufficient time to form a bonded unitary article.

4. The method of claim 3 further comprising the step of positioning an insert into a mold portion, wherein said heating step is done at a sufficient temperature and for a sufficient time to form a bonded unitary article.

5. The method of claim 4, wherein said insert carries integral fastening means.

6. The method of claim 4, wherein said insert is a nonfoamed rigid organic polymer.

7. The method of claim 4, wherein said insert is a foamed, cross-linked polyolefin having a greater density than the density of said preform.

8. The method of claim 7, wherein said preform has a density of about 2 to about 8 lb./ft^3 and said insert has a density in excess of about 4 lb./ft^3.

9. The method of claim 4, wherein said preform and said insert are generally C-shaped.

10. The method of claim 1, wherein said polyolefin is a closed cell polyethylene.

11. A method for forming a foamed, cross-linked polyolefin into an article in a mold having partible mold portions, said mold, when in a closed position, defining an article forming cavity and having a peripheral parting surface, the method comprising the steps of cutting stock of said polyolefin into a preform; positioning said preform, below the temperature at which said preform is rendered tacky or sticky into said mold so that, upon closing said mold and heating, same, said mold cavity is filled with said preform but said preform does not laterally extend into said peripheral parting surface; and closing said mold and heating said closed mold containing said preform for a sufficient period of time for said perform to conform to the adjacent mold cavity.

12. The method of claim 11, further comprising the step of positioning an insert into a mold portion, wherein said heating step is done at a sufficient temperature and for a sufficient time to form a bonded unitary article.

13. The method of claim 11, further comprising the step of positioning more than one preform it no [sic] a mold portion wherein said heating is done at a sufficient temperature for a sufficient time to form a bonded unitary article.

14. The method of claims 13, further comprising the step of positioning an insert into a mold portion, wherein said heating step is done at a sufficient temperature and for a sufficient time to form a bonded unitary article.

15. The method of claim 14, wherein said insert carries integral fastening means.

16. The method of claim 14, wherein said insert is a nonfoamed rigid organic polymer.

17. The method of claim 14, wherein said insert is a foamed, cross-linked polyolefin having a greater density than the density of said preform.

18. The method of claim 17, wherein said preform has a density of about 2 to about 8 lb./ft^3 and said insert has a density in excess of about 4 lb./ft^3.

19. The method of claim 14, wherein said preform and said insert are generally C-shaped.

20. The method of claim 11, wherein said polyolefin is a closed cell polyethylene.

21. A method for molding a foamed cross-linked polyolefin in a mold having partible mold portions comprising the steps of: positioning said foamed cross-linked polyolefin, below the temperature at which said polyolefin is rendered tacky or sticky, in a cavity portion of

said mold; closing said partible mold portions; and heating said mold and said polyolefin so as to mold and conform outer portions of said polyolefin to the surface of the mold cavity; the amount of polyolefin being such that, during said heating step, substantially no polyolefin extends into the mating parting surfaces of the closed partible mold portions.

22. A method for forming a molded, foamed, cross-linked polyolefin article which is substantially free of flashing in a mold having partible mold halves which, when closed, define a cavity and a contiguous peripheral mold parting line, said method comprising the steps of: positioning formed cross-linked polyolefin, below the temperature at which said polyolefin is rendered tacky or sticky, into a cavity portion of said mold; closing said mold; and heating said mold for a sufficient period of time to form said article.

23. The method of claim 22, wherein the amount of polyolefin material positioned in the mold is insufficient to substantially extend into said parting line upon closing said mold and heating.

* * *

United States Patent [19] [11] **Patent Number**: 4,524,037

Marc [45] **Date of Patent**: Jun. 18, 1985

---

[54] METHOD AND APPARATUS FOR FORMING A FLEXIBLE THERMOPLASTIC RESIN FOAM ARTICLE USING AN RF FIELD

[76] Inventor: Michel Marc, 48 Ridge Hill Farm Rd., Wellesley, Mass. 02181

[21] Appl. No.: 408,159

[22] Filed: Aug. 16, 1982

[51] Int. Cl.³ B29D 27/00

[52] U.S. Cl. ...264/26; 264/321; 425/174.8 E; 425/398; 425/817 R

[58] Field of Search..... 264/26, 321; 425/817 R, 425/174.8 E, 398

[56] References Cited

U.S. PATENT DOCUMENTS

2,946,713	7/1960	Dusina, Jr. et al.	264/321 X
2,966,469	12/1960	Smythe et al.	264/26
3,010,157	11/1961	Cizek	264/26
3,082,483	3/1963	Bickford	264/321
3,170,974	2/1965	Jacobs	264/321 X
3,242,238	3/1966	Edberg et al.	264/26
3,243,485	3/1966	Griffin	264/26 X
3,244,571	4/1966	Weisman	264/321 X
3,331,899	7/1967	Immel	264/26
3,345,439	10/1967	Everard et al.	264/26
3,400,040	9/1968	Osgood	264/321 X
3,444,275	5/1969	Willett	264/26
3,475,522	10/1969	Garibian et al.	264/26
3,640,913	2/1972	Cerra	264/26 X

Primary Examiner – Philip Anderson
Attorney, Agent, or Firm – Wolf, Greenfield & Sacks

[57] ABSTRACT

A process and associated apparatus for forming a foam plastic article using a mold with a mold cavity and a pair of electrodes across which an RF field may be impressed. The foam material that is to be processed is inserted into the mold and is then compressed. The compression may be at least on the ratio of 2 to 1 and perhaps as high or higher than 8:1. An RF heating field is applied while maintaining the foam material compressed and after the heat is terminated, the foam material is permitted to expand to conform to a mold shape as the material cools. This pre-compression step enables substantial reduction in processing time.

15 Claims, 4 Drawing Figures

[Diagram Omitted]

METHOD AND APPARATUS FOR FORMING A FLEXIBLE THERMOPLASTIC RESIN FOAM ARTICLE USING AN RF FIELD

BACKGROUND AND SUMMARY OF THE INVENTION

The present invention relates in general to an RF heating process and associated apparatus. More particularly, the present invention relates to an RF heating process employed in the making or forming of molded plastic parts or pieces, particularly items made of plastic foams such as polyethelene or polyproplene foam.

The present technique for forming foam articles is illustrated in FIG. 1 herein in which there is schematically illustrated a mold 10 having a cavity for receiving the unprocessed foam block 12. Herein, for the sake of simplicity, the article being manufactured is simply of cubic

form. However, it is understood that both the prior art technique and the technique of the present invention may be used in forming varied size and shape articles.

Associated with the mold 10 which may be of silicone rubber, are a pair of electrodes 14 and 16. The electrode 14 may be a movable electrode while the electrode 16 may be fixed. FIG. 1 schematically illustrates an RF source 18 coupling across the electrodes 12 and 14. FIG. 1 illustrates the foam block 12 having been inserted into the mold with the electrodes then moved to the position shown in FIG. 1. The RF field is then applied by source 18 to cause heating of the foam for the purpose of curing it and forming it into the desired shape. The foam is preferrably free-formed prior to insertion into the mold and has a shape that already substantially conforms to the shape of the mold. When the electrodes 14 and 16 are closed so as to ready the apparatus for heating, there may be a slight compression of the foam block 12. However, the prior art technique has never taught any substantial compression of the foam, particularly the art has not shown compression of the foam for the purpose of substantially reducing the heating and curing time thereof.

In the arrangement illustrated in FIG. 1 the typical heating time which represents some portion of the overall manufacturing cycle time, is typically in the order of about five minutes. It is over this five minute interval that RF energy is applied for heating. The mold is preferably constructed so as to have a high dielectric constant so that as much heat as possible is dissipated in the material that is being formed with less material being dissipated in the mold itself.

It is an object of the present invention to provide an improved RF heating process and associated apparatus in which the article can be formed over a heating period that is of substantially reduced duration. In accordance with the present invention it has been found that the heating period can be reduced from the afore mentioned typical five minute interval to on the order of 1½ minutes. This is accomplished in accordance with the present invention by an RF heating process which combines RF heating with the use of a pair of electrodes, in combination with, substantial compression of the foam material with the foam material being maintained compressed during the heating cycle when the RF energy is applied. It has been found that by carrying out this compression while applying RF energy, that the heating time can be substantially reduced. After the heating cycle is over the previously compressed foam is permitted to expand as it cools and it then conforms to the desired over all hold shape.

In accordance with the apparatus of the present invention, in order to provide the aforementioned compression of the foam material, there may be provided a plug or the like. This plug can also be constructed of silicone rubber preferably loaded to have a high dielectric constant. This plug is temporarily used for compression of foam and is maintained in use during the heating cycle. The plug is then removed to enable expansion of the foam into its desired final shape.

BRIEF DESCRIPTION OF THE DRAWING

Numerous other objects, features and advantages of the invention should now become apparent upon the reading of the following detailed description taken in conjunction with the accompanying drawing, in which:

FIG. 1 is a prior art diagram showing the technique for forming foam articles with RF energy;

FIG. 2 is an exploded view of the RF heating process of the present invention showing an initial step of the process wherein the foam is in the cavity and the plug is about to be inserted;

FIG. 3 is a further schematic cross sectional view showing the compressing phase of the invention with the plug being used in combination with the upper electrode for compressing the foam material during the heating phase;

FIG. 4 shows a cross sectional view of the same mold after the steps of FIGS. 2 and 3 with the foam material simply being permitted to expand to the proper mold shape with the plug having been removed.

DETAILED DESCRIPTION

FIG. 1 has been described previously in connection with the discussion of the prior art arrangement of employing RF heating in the construction of foam articles or items. FIGS. 2-4 are sequential schematic cross sectional views showing the steps in carrying out the process of the present invention. In the prior art arrangement the heating period that is necessary in order to properly form the part is on the order of about five minutes. With the

technique of the present invention exemplified in FIGS. 2-4 this heating period is then reduced substantially to on the order of 1-1.5 minutes. It is understood that the heating period is followed by a cooling period in which the electrodes are cooled preferably by a liquid cooling technique. A production machine typically has a single heating station and may have multiple cooling stations.

In FIGS. 2-4 there is shown an upper electrode 20 and a lower electrode 22. The mold is shown in the form of a silicone rubber mold 24. An RF source 26 connects between the electrodes 20 and 22. In addition to the mold 24 there is also provided a plug 28 used in the process of the present invention. The plug 28 may also be constructed of a silicone rubber material preferably loaded so as to have a high dielectric constant.

FIG. 2 shows the mold 24, the electrodes 20 and 22, and the plug 28. Also shown in FIG. 2 is the uncompressed foam material 30 which is made of a shape that substantially conforms to the shape of the cavity in the mold 24. In FIG. 2 the distance a may be on the order of about 1 inch. Foam material 30 already has been prepared in a conventional manner known to those skilled in the art, such as by the use of an additive, or by treating the material, to render foam material 30 suitable for RF heating. Examples of such known methods of preparing foam material 30 are shown in the following U.S. Pat. Nos.: 3,640,913; 3,243,485; 3,242,238; 3,010,157; and 3,331,899.

FIG. 3 shows the next step in the process in which the foam material 30 has been compressed to a dimension b on the order of 1/8 inch. There is thus an 8 to 1 compression ratio. This ratio is preferably at least 2 to 1. It is also

noted in FIG. 3 that this compression is carried out by means of the plug 28 which has moved in the direction of the arrow 32. The electrode 20 overlies the plug and the top surface of the mold 24. While the apparatus is in the position shown in FIG. 3 the RF generator 26 is energized and RF heating is applied between the electrodes 20 and 22. The majority of this heat is dissipated in the foam material and because of the compression thereof it has been found that the heating cycle can be reduced substantially which greatly enhances the desirability and flexibility of the present process. After the heating cycle has terminated, the plug is removed as indicated in FIG. 4 and the foam material 30 is simply permitted to expand so as to fill the mold cavity. In the embodiment illustrated herein the top electrode 20 in a sense forms one side of the mold cavity. In other arrangements a further dielectric material could be used in association with the top electrode for forming one side of the mold cavity.

Having described one embodiment of the present invention it should now be apparent to those skilled in the art that numerous other embodiments are contemplated as following within the scope of this invention. For example there has been illustrated herein particularly in FIGS. 2-4 one embodiment of an item that is being constructed. Obviously, many different sizes, shapes and configurations of an item can be formed. Also, inner surfaces of the mold cavity may be in the form of an imprint which is desired to be made on one or more surfaces of the part being molded. Also, there has been described herein the use of plastic foam materials such as polyethelene or polyproplene foams. Also, other types of thermal forming plastic foam material placed in the mold

one can also use a liquid plastic such as plastisol with a blowing agent to provide the end product foam.

What is claimed is:

1. A process of forming a flexible, thermoplastic foam article using a mold with a mold cavity, a pair of electrodes across which an RF field may be impressed and compressing means, said process comprising the steps of:

inserting a preform of the foam material into the mold;

compressing the foam material with the compressing means;

applying an RF heating field while maintaining the foam material compressed to heat the foam material to a temperature below the temperature at which the foam material would become permanently deformed into its compressed state;

withdrawing the compressing means; and

permitting the foam material to expand to conform to and in substance fill said mold cavity as the material cools to cause the foam material to permanently deform to assume the general shape and size of the mold cavity.

2. A process as set forth in claim 1 wherein said foam material is compressed by a compression ratio of at least 2 to 1.

3. A process as set forth in claim 1 wherein said foam material is compressed by a compression ratio of about 8 to 1.

4. A process as set forth in claim 1 including providing a plug to compress the foam.

5. A process as set forth in claim 4 including inserting the foam in a pre-formed shape substantially initially matching the shape of the mold.

6. A process as set forth in claim 5 wherein the step of compressing the foam is carried out by inserting the pre-formed foam into the mold and then compressing it by inserting the plug over the foam and into the mold.

7. A process as set forth in claim 6 wherein the plug compresses the foam in the ratio of at least 2 to 1.

8. An apparatus for forming a flexible, thermoplastic foam article comprising:

a mold having a predetermined shape and size mold cavity;

a pair of electrodes, one on each side of the mold;

means for compressing a preform of the foam material in the mold cavity from a condition in which the foam material in substance fills said mold cavity, to a condition in which the foam material fills only a fraction of the volume of the mold cavity; and

means for applying an RF heating field across the pair of electrodes while maintaining the foam material compressed over a heating period to heat the foam material to a temperature below the temperature at which the foam material would become permanently deformed into its compressed state; and

means for withdrawing said compressing means to permit said foam material to expand after termination of the heating period to allow it to conform to and in substance fill said mold cavity as the material cools, the foam material being permanently deformed to assume the general shape and size of the mold cavity.

9. An apparatus for forming a foam plastic article as defined in claim 8 wherein said foam material is polyethylene foam.

10. An apparatus for forming a foam plastic article as defined in claim 8 wherein said foam material is polypropolene foam.

11. An apparatus for forming a foam plastic article as defined in claim 8 wherein said means for compressing includes a plug.

12. An apparatus for forming a foam plastic article as defined in claim 11 wherein either or both said mold cavity and plug have an imprint surface.

13. An apparatus as set forth in claim 11 wherein said plug fits into said mold over said foam.

14. An apparatus for forming a foam plastic article as defined in claim 8 wherein the foam material is ethylenevinylacetate.

15. An apparatus for forming a foam plastic article as defined in claim 8 wherein the foam material is polyvinylchloride.

* * *

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION

OHIO CELLULAR PRODUCTS CORPORATION,	)	
Plaintiff,	)	No. 94-CV-7251
vs.	)	Hon. David A. Katz
ADAMS USA, INC.,	)	
Defendant.	)	

* * *

Deposition of Donald Nelson December 19, 1994

[p. 5] Q. Are you an architect?

A. No.

Q. Any graduate school background?

A. None.

Q. What's your occupation?

A. I'm president of Ohio Cellular Products.

Q. What is the nature of its business?

A. We're a manufacturer of cross-linked polyethylene foam products. XLPE is a good way of abbreviating cross-linked polyethylene.

Q. Does it engage in any other business?

A. No.

Q. What's the ownership of Ohio Cellular?

A. I own 100 percent.

Q. Who supervises the manufacturing performed by Ohio Cellular?

A. Presently it's Kurt Fink.

Q. With a C or a K?

A. K.

Q. Where is Ohio Cellular located?

A. 9610 County Road 14, Wauseon, Ohio, 43567.

Q. Do you know where Mr. Fink resides?

A. In Adrian, Michigan.

Q. Where is Ohio Cellular's manufacturing

* * *

[p. 39] Q. Heat the foam by radio frequency –

A. They're not heating the foam, you're just changing the molecular structure of the foam. The radio frequency changes the molecules on it.

Q. How long have you been aware of FoamAid's experimentation with that technology?

A. Since 1984. Or approximately '84. It could have been a year or two later, I'm not really –

Q. But during the period which you –

A. During the period I was involved, right, I knew they –

Q. Do you know what the source of that technology was?

A. They were licensing it through Voltek.

Q. Are you aware of any patents that were involved?

A. No. Yes, excuse me. Yes, there were patents involved, and that's why they didn't let anybody see the process and it was done on a very closed state.

Q. What was your understanding of who the patentee was?

A. Someone that Voltek had licensed the patent from, and Voltek was trying to sell this technique process to all of their license – their distributed fabricators.

* * *

[p. 79] K-l-i-n-t?

A. Yes.

Q. What's your understanding of the process they utilize?

A. Radio frequency.

Q. And the steps of their process?

A. I don't exactly know the steps of their process. I'm not aware of – I've never been there.

Q. Well, how did you become familiar with that company or aware of that company?

A. By being furnished their patents.

Q. Do you recall which patents you were furnished?

A. No.

Q. Do you recall when they were furnished to you?

A. Yeah, roughly two years ago.

Q. Okay. Do you recall why or how that came about?

A. It was furnished to me as a result of a letter from Mr. Purdue or the Purdue office from Mr. Lammy on not signing our second patent application.

Q. What's your recollection of what those patents showed?

A. Radio frequency waves were used in a silicone mold with the foam in the mold under compression.

[p. 80] Q. The foam precut?

A. Yes.

Q. Placed in the mold?

A. Yes.

Q. Compression molding did you say?

A. It was – I believe it does say it's under compression, yes. I've never seen the process used so I'm not sure.

Q. Are you aware of any flow molding process utilized by Klint?

A. No.

Q. Again, what's the term "flow molding" mean to you?

A. That means nothing to me. That's a name that he made up probably. I don't know what flow molding is.

Q. Injection molding perhaps? Does that mean anything to you?

A. There is – there is cross-linked foam that is using an injection molding process.

Q. What's your understanding of that process in general?

A. My understanding of that process is it's not being done in the United States at all. If that's what your reference to flow molding. I don't –

[p. 81] Q. You're familiar with Voltek –

A. Yes.

Q. – is that correct? What's your understanding of the nature of their business?

A. Manufacturers of cross-linked polyethylene foam.

Q. Do they do any forming or just the bulk foam manufacturing?

A. Bulk foam manufacturing to my understanding.

Q. I believe you testified earlier that you were aware of them having the license to utilize a specific process for forming products?

A. Correct, uh-huh.

Q. What's your recollection of which process that was?

A. The radio frequency molding.

Q. How did you became [sic] aware of that license again?

A. During – through my association with FoamAid.

Q. When FoamAid was experimenting with the RF process?

A. Yes.

Q. You thought that was about '84 or so?

A. Yes.

Q. Again, what's your recollection of that [p. 82] process?

A. The radio frequency waves – the foam is put into a silicone mold and then it's hit with radio frequency electrodes on the top and the bottom of the mold.

Q. Foam is precut, placed in the mold?

A. Right.

Q. Placed under pressure in the mold?

A. Right.

Q. And RF supplied.

A. RF in a special radio frequency machine.

Q. What does the term "mated mold" mean to you if anything?

A. They got married. It's a married mold, it's two pieces together so that it fits.

Q. Male, female members?

A. No, not necessarily, no, sir. It can be both female type molds.

Q. Okay. Are you aware of any advantages of using male, female members in a mold?

A. No. Excuse me, compression molding uses male, female as your description type.

Q. Let me see if I'm describing this right. Where one part of the mold has a cavity and the other part projects into the cavity.

* * *

[p. 98] A. He handled our patents during the time of Max Pro and Riddell.

Q. Why is he no longer representing OCP?

MR. KERGER: Objection, instruct the witness not to answer based upon attorney-client communication.

Q. Do you know Gary McNabb?

A. The name is familiar but I can't place it right at the moment.

Q. You don't recall any business dealings with him?

A. No.

Q. Jessie Boatman?

A. No.

Q. Michel, M-i-c-h-e-l, Marc, M-a-r-c?

A. No.

Q. Never heard of him?

A. Only that his name is on the patent.

Q. What patent?

A. The radio frequency patent.

Q. Which line? The one that you were provide – The ones you were provided a couple years ago that shows cutting the foam, placing it in a mold under pressure, and applying RF to it?

[p. 99] A. Correct.

Q. Do you know David Halstead?

A. Yes.

Q. Who is he?

A. He was formerly a research and development man and engineer for Bike Athletic, and when Bike Athletic sold their football helmet program to Athletic Helmets, he in turn then became the chief engineer for Athletic Helmets.

Q. A.H.I. is it?

A. That's A.H.I., yes.

Q. What was your relationship with him?

A. I was selling products to Bike Athletic. I had –

Q. Do you remember which products?

A. Body pads.

Q. Do you remember exploring with him any potential joint venture between Bike and FoamAid?

A. No.

Q. Do you recall some technology patented a few years ago dealing with helmet liners where the padding was provided by foam integrated with air bladders?

A. Yes.

Q. Okay. Do you recall exploring that with Mr. Halstead?

* * *

[p. 155] relating to the 702 patent; is that correct?

A. Yes.

Q. Why did he refuse to do that?

MR. KERGER: Are you asking him to read his mind or asking him what he was told?

Q. What's your understanding of why Mr. Lammy refused to sign that declaration?

A. He discussed in there the incidents have been the FoamAid RF sealing situation, that he received knowledge and so forth with reference to that.

Q. He was referring to the Marc 037 patent?

A. Correct.

Q. He was advised that he'd be committing perjury to sign that declaration?

A. Correct.

MR. WHEAT: This will be Defendant's Exhibit 4.

(Whereupon, Defendant's Exhibit 4 was marked.)

Q. Okay. Mr. Nelson, I'm handing you a document previously produced by your attorney in this case numbered by them as 000432 now labeled by the court reporter as defendant's Exhibit 4. Do you recognize that item?

[p. 156] A. Yes.

Q. What is that?

A. That's the letter from Mr. Lammy's lawyer with reference to the discussion of his not signing the second patent.

Q. And specifically in the second paragraph towards the end of the fifth line, he was advised as follows, "in view of what you have learned from a former salesman at FoamAid as well as from someone who represented a FoamAid customer. Specifically, more than one year before the '824 application was filed, FoamAid took orders and filled some of them for athletic pads which were produced by cutting preforms from partially cross-linked polyethylene foam, placing the preforms in a non-sticky state, i.e., at about room temperature, into molds and using RF heating to heat the preforms causing them to conform to the mold cavity." Is that correct?

A. No.

Q. What's not correct?

A. That was never done.

Q. Was he referring to the Marc process?

A. Yes.

Q. Covered by the 037 patent? What did you do next?

[p. 157] MR. KERGER: Did you want an answer to your question? You asked him was it referring to the 037 and the witness was reviewing the document.

A. What's the 824 application?

Q. That's the application that matured into the 110 patent.

A. Okay.

MR. KERGER: Your question I think was did he know to what Mr. Lammy's lawyer was referring, which of the Marc patents?

Q. Mr. Nelson, they were referring to the Marc 037 patented process, weren't they?

A. That's what was included with there, yes, right.

(Whereupon, Defendant's Exhibit 5 was marked.)

A. They did not – when I was associated, involved with FoamAid, they did not – were not making any pads using the RF method.

Q. But you did recall FoamAid experimenting with that process.

A. Yes, I do.

[p. 158] Q. You knew what Mr. Lammy's attorney was referring to, didn't you?

A. Yes. Because we – Mr. Lammy and Mr. Riwelski, the attorney and I discussed what – the RF process prior

to our filing the 824 application. It isn't that Mr. Lammy learned about this right here. Mr. Lammy knew about it before, and we discussed that, did that infringe on what we were filing.

Q. Okay, so you knew about the Marc patent but made a determination that what you were doing was something different, is that what you're saying?

A. Yes. It is different.

Q. But there was no question in your mind what Mr. Lammy's attorney was referring to in this letter, was there?

A. I – no question other than I did not know about it, if that was the case, right.

Q. Now, you knew he was referring to the Marc process that FoamAid had experimented with.

A. Yes.

Q. This next item I'm handing you was previously produced by your Counsel numbered 000446 and the court reporter has marked that as Defendant's Exhibit 5. In response to the Lammy problem you petitioned the patent office to allow you to proceed with the 702 application [p. 159] without Lammy; is that correct?

A. Yes.

Q. You told the patent office you didn't know what Lammy was referring to, didn't you?

A. As far as? I did not say I didn't know what he was referring to because I knew what he was referring to.

Q. But the effect of the next declaration you filed was that you really didn't know what Lammy was talking about; isn't that correct?

A. No.

MR. KERGER: Objection. Go ahead.

MR. WHEAT: Let's mark this as Defendant's Exhibit 6.

(Whereupon, Defendant's Exhibit 6 was marked.)

Q. Mr. Nelson, this item I'm just handing you was previously produced by your Counsel labeled with number 000427 and has now been marked by the court reporter as defendant's Exhibit 6. Do you recognize that item?

A. Yes.

Q. That's a document you filed with the patent office to explain away Lammy's contentions?

A. Yes.

[p. 160] Q. You refer to it as the alleged FoamAid process?

A. Yes.

Q. Do you say in there you were familiar with the process?

A. I don't say I'm familiar with it but I say that -- I explain what it is, so there's some degree of familiarity there.

Q. Do you explain that you think it might be the Marc process?

A. No, I do not.

Q. You say in Paragraph 4 I believe that the FoamAid process might have been the subject of certain U.S. patents?

A. Yes.

Q. And upon further identification – excuse me, further investigation, you've identified three U.S. patents?

A. Yes.

Q. Which three patents did you refer them to? What are the numbers?

A. The 238.

Q. The Marc 238 patent?

A. Yes.

Q. What's the next –

A. The Marc 876.

[p. 161] Q. And what's the next one?

A. 167.

Q. What about the 037 patent?

A. I don't know. What about it?

Q. Did you identify it to the patent office?

A. No, I did not.

Q. That's the one you knew Lammy was talking about, isn't it?

A. I knew there was – I said there were more than two patents. That could have been one of them.

Q. The three you identified, none of those are the Marc process that FoamAid experimented with, are they?

A. They're all his patents.

Q. Are they the one FoamAid experimented with?

A. I don't know exactly which one they were experimenting with. They were experimenting with Marc.

Q. 037, that's the Marc one where you cut the preforms, stick them in a mold, compress them and apply RF heat.

A. Okay.

Q. You didn't identify that one to the patent office even though you knew about it; is that correct?

A. I didn't know that patent specifically, right. I knew of the Marc patents and the process.

[p. 162] Q. Which of those Marc patents deals with cutting preforms from partially cross-linked polyethylene foam?

A. I would have to read these to find out which of these –

Q. Please do, if you'd like. Two of those are flow molding. You can get rid of those quick, right?

A. Yeah. All three of these are flow molding.

Q. The three you disclosed to the patent office are flow molding.

A. Yes.

Q. The one you did not disclose is compression molding?

A. It's RF molding, yes.

Q. The process FoamAid experimented with –

A. It's RF molding, not compression molding, right.

Q. Last Page 3 of the declaration where you identified these items to the patent office, the last paragraph you said, "I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true."

A. Yes.

Q. In response to that declaration the patent [p. 163] office took your word for it and issued a patent, didn't they?

MR. KERGER: Objection to the form of the question, but you may answer.

A. I don't know how – what they – they accepted the patent. How they did it, if it was my word or not, that I do not know.

MR. WHEAT: Let's mark this as Defendant's Exhibit 7.

(Whereupon, Defendant's Exhibit 7 was marked.)

Q. Mr. Nelson, I'm handing you an item labeled – excuse me, entitled Attachment to the Notice of Allowability previously produced by your Counsel

marked as 000455 now marked by the court reporter as Defendant's Exhibit 7.

A. Correct.

Q. Do you recall ever seeing that item?

A. Yes.

Q. Let me refer you to the last sentence on the first page where the patent examiner said "Mr. Nelson in his declaration states that other than the three patents that he has submitted for the file, he has not been able to obtain any other information about the process." Excuse me, that's the next to the last sentence. Do you see that?

[p. 164] A. Yes.

Q. Do you recall seeing that before?

A. Yes.

Q. "The alleged process is stated to use RF heating"?

A. Yes.

Q. Over to Paragraph 5, do you recall seeing where the examiner said "Any comments considered necessary by applicant must be submitted"?

A. Yes.

Q. The next sentence, "Such submissions should be clearly labeled 'Comments on Statement of Reasons for Allowance' "?

A. Yes.

Q. Do you recall previously telling the patent office that you understood it was your obligation to disclose anything associated with your application?

A. Yes.

Q. Did you ever advise the patent office of your familiarity with the Marc process that FoamAid experimented with?

A. Did I –

Q. Did you ever say "Examiner, wait a minute, I forgot to tell you about another Marc patent you might want [p. 165] to look at"?

A. No.

Q. Did nothing to bring that to the patent office attention.

A. Nope. Not to my knowledge.

Q. Is OCP for sale?

MR. KERGER: What's that got to do with the lawsuit as it presently is divided, Counselor?

MR. WHEAT: Perhaps it may lead to some other –

MR. KERGER: No. If you can't come up better than that, there's no –

MR. WHEAT: Perhaps representation have been made in association with that sale that have bearing on this lawsuit.

MR. KERGER: On the issue of viability of the patent? You can answer.

Q. Is OCP for sale?

A. No.

Q. Has it been for sale recently?

A. It – like anything, just depends upon dollar amount. I'm saying it's – it is not for sale.

* * *

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION

[Caption Omitted In Printing]

Deposition of Ramond Pleiness March 24, 1995

* * *

[p. 25] Q Are you familiar with a company known as Foamaid?

A Yes.

Q What was your dealing with them?

A It's very peripheral. They're one of our distributors, but I didn't call on them.

Q What's your understanding of the applications they performed?

A Well, they converted our foams, plus other products, into finished products for the automotive industry, for example, which is their primary – I believe it was their primary source of customers. They would die-cut. They were doing some molding operations.

Q Which process were they utilizing, as you recall?

A The only one that I am really familiar with is the – what we have referred to in our bulletin as RF molding, high-frequency molding.

Q And what's that process?

A It's a compression molding process where cold foam is put in the cavity of a mold, [p. 26] the mold is

closed, and then the mold is heated via radio frequency waves. The foam is heated also. And then it's cooled.

Q Is the foam die-cut before it's placed in the mold?

A It could be, yes.

Q Do you know whose process that is?

A Michel Marc.

Q Do you know when Foamaid utilized that process?

A Sometime around 1984, give or take a little bit. I'm not exactly sure because, again, I was not involved directly with Foamaid.

Q You mentioned Michel Marc. Who is he?

A He's President of the – I don't know the name of his company right offhand.

Q Clint, perhaps?

A Clint, yes.

Q C-l-i-n-t?

A Yes. And he was the inventor of the process, the RF process.

Q Are you aware of any patents issued to Mr. Marc?

A He has a patent, to the best of my [p. 27] knowledge.

Q I'm handing you a document which was previously labeled as Defendant's Exhibit 1 in this case. It's United States Patent No. 4,524,037 issued to Michel Marc on June 18, 1985.

I'm going to ask you to review that and see if that refers to the process you've been describing.

A The abstract, yes, is what I have just described.

Q And, again, if you could take it from start to finish, what's your understanding of the Marc process?

A The Marc process is a compression molding, what we refer to as a compression molding process where you've got a two-part mold, the foam is put in the mold, the mold is cold and it's closed. It's a special polymeric mold that will withstand the RF.

After a specific amount of time, the unit is cooled to form the part. Then the mold is separated and the part removed.

[p. 28] Q Does the word "preform" mean anything to you?

A Yes.

Q What does that mean to you?

A Preform could be one of two things. It could be a simple die-cut piece or it could be something that's a three-dimensional form that's put into a mold prior to, in our instance or in this instance of Michel Marc, heating the material and cooling the mold and the product.

Q So you would perhaps cut a piece of foam, place it in the mold, close the mold, heat it by RF, cool the mold and then remove the finished product.

A Yes.

Q And, again, when was it you believe Foamaid was utilizing that process?

A Prior to – approximately 1984, give or take a little bit. I'm not exactly sure.

Q Do you have any understanding of how Foamaid obtained rights to utilize the process covered by the Marc patent?

A It had a license, a sublicense from Voltek.

[p. 29] Q When you say "license', what do you mean?

A "Sublicense" is what I should have said. It's an agreement in which they paid a fee to Voltek to – for Voltek to provide them with the technology.

Q Let's take it from the opposite direction.

Marc had a patent and he licensed –

A – Voltek.

Q – that process to Voltek?

A Yes.

Q What does the word "license" mean to you?

A We paid Marc, Michel Marc a fee for using his process and promoting it.

Q Rented the process from him? Paid him rent, obtained permission to use the process?

A Yes.

Q And then you gave permission to Foamaid to utilize that process?

A Yes.

Q And when would that have been?

A Again, it was approximately 1984, give or take a little bit.

* * *

IN UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION

[Caption Omitted In Printing]

Deposition of Ohio Cellular Products Corporation
April 28, 1995

• • •

[p. 8] same apple, so to speak, which would be abuse of the discovery process.

MR. BERES: Well, Mr. Melhorn, as you know, we're here to take the deposition as noticed. Ohio Cellular Products designates whomever they choose.

Q. Mr. Nelson, are you the sole designee of Ohio Cellular Products at this deposition today?

A. Yes.

Q. Is there anyone else at the company who would have been capable of being designated on any of the areas contained in Deposition Exhibit 3?

A. No.

Q. Is it your position, sir, that you've produced all the documents that are responsive to the request for production of documents contained in Deposition Exhibit Number 3?

A. Yes.

Q. On Tuesday your counsel provided to us some additional documents. I'd like for the record for you to identify these for us.

MR. MELHORN: Do you want the record to show what you've handed the witness?

MR. BERES: Yes.

• • •

[p. 12] Q. Mr. Nelson, could you please tell us what this binder is?

A. It's a two-day seminar in Baltimore, Maryland regarding technology and application of closed-cell foam.

Q. And did you attend this seminar?

A. Yes, I did.

Q. Thank you. Mr. Nelson, who are the current corporate officers of Ohio Cellular Products?

A. Just myself.

Q. And your position?

A. President. President.

Q. Any other officer positions that you hold –

A. No.

Q. – aside from president?

A. No.

Q. Who are the directors of Ohio Cellular Products?

A. Myself, my wife, and my attorney.

Q. And who is that?

A. Duard Ballard.

Q. How do you spell his first name?

A. D-u-a-r-d.

Q. And last name?

A. B-a-l-l-a-r-d.

[p. 13] Q. And who are the shareholders of OCP?

A. I'm exclusive shareholder.

Q. You were present during Mr. Lammy's deposition yesterday, were you not?

A. Yes.

Q. Do you recall his testimony regarding the start-up phase of Ohio Cellular Products?

A. Yes.

Q. When did you first meet Mr. Lammy?

A. In October of '87.

Q. And when did you start experimenting with cross-linked foam in connection with OCP?

A. January – January of '88.

Q. And at that time what cross-linked foams were you experimenting with?

A. Polyethylene.

Q. What particular brands?

A. Manufacturers' brands or –

Q. Yes.

A. Sentinel, Monarch, Hules, and Voltek.

Q. With Voltek would that include the Volara and the Minicel?

A. Yes, it would.

Q. And with Hules would that include Trocellen?

* * *

[p. 76] A. No. No.

Q. Mr. Fieseler goes on to say that the three patents were identified in a search we performed using the information you provided to us regarding Michel Marc and Clint, Inc.

A. Yes.

Q. Do you recall providing information to Mr. Fieseler regarding Michel Marc?

A. Yes.

Q. Do you recall providing information regarding Clint, Inc.?

A. Yes.

Q. What information did you provide regarding Mr. Michel Marc?

A. I contacted one of the foam manufacturers to find out who, in fact, does that process to get his name so that he could pursue finding what patents had relationship to it.

Q. Who did you contact?

A. Contacted Ed Benjaminson who is the field sales manager for Sentinel Foam Products.

Q. When did you contact him?

A. When I was requested to prior to this because they must have asked where could they locate it and I [p. 77] checked with Mr. Benjaminson to get his name and more definite information so they could find it in the records.

Q. And you previously mentioned or referred to that process, what process were you referring to?

A. Radiofrequency molding.

Q. To the best of your understanding, as president of OCP, what was that process? Can you explain it to me so I understand it?

A. It's the process of molding foam through the utilization of radiofrequency waves.

Q. Did that process include cutting or die cutting the foam to an approximate size of the mold?

A. Yes.

Q. Did it place it in the mold cold or heated?

A. Cold.

Q. At room temperature?

A. Yes.

Q. And then it was heated in the molds?

A. No. It was compressed.

Q. It was compressed first?

A. Yes.

Q. And then was it heated?

A. It was – it was given radiofrequency waves.

Q. And that caused the foam to heat up?

[p. 78] A. That does not heat the foam. It changes the molecular structure of the foam.

Q. The temperature of the foam does not increase –

A. No.

Q. – during that time period? And then following the stopping, I guess, of the radiofrequency waves, is the product removed?

A. Yes.

Q. And is it in its thermoform shape at that point?

A. Yes.

Q. And who is Clint, Inc.?

A. It's a company out east is all I know.

Q. Okay. Did you have any previous involvement with Clint, Inc. prior to your investigation of the Marc process?

A. No.

Q. Did you fully describe to Mr. Fieseler the Marc process as you understood it?

A. Yes.

Q. And did you know that he had a patent on the process at this time?

A. At this time, yes.

[p. 79] Q. When did you first learn that Mr. Marc held the patent on this process?

A. When I first learned of the process.

Q. And that was well before the November, '92 letter?

A. Oh, yes.

Q. When was that?

A. That was well before I started – it was before we started Ohio Cellular.

Q. Okay. I don't want to go back over prior testimony –

A. Right.

Q. – but to the best of my recollection that was in about 1984, correct?

A. Yes, right.

Q. To the best of your recollection, were any of the three patents which were discussed in the November 12th, 1992 letter that we've identified as Defendant's Exhibit 28 refer to the radiofrequency process that you were aware of as early as 1984?

MR. BERES: Could we have that reread?

A. Yeah, have that reread.

(Whereupon, the reporter read back the

* * *

[p. 116] A. Scott Port-a-fold was one of the companies and Glass Plastics out of Chicago, and there were a few other ones, smaller type of companies all involved in plastic molding of some sort.

Q. But FoamAid was the only one who was doing cross-linked polyolefin, correct?

A. Yes.

Q. And Voltek, I guess, too?

A. And Voltek? No, no. FoamAid bought the foam from Voltek.

Q. So you were not a distributor of Voltek?

A. No.

Q. But you distributed Voltek's foam through your manufacturers rep agreement with FoamAid?

A. Some of the products were molded in Voltek and some of the foam that I sold was Voltek, just rough form.

Q. Okay. It's my understanding that you first became aware of the Marc patented process while you were at FoamAid; is that correct?

A. Yes.

Q. And how did you learn of that process? Was that part of something that they taught you as a manufacturers rep?

A. No, no. At that time Voltek had just licensed [p. 117] the process from – from Clint. Clint Company, is it?

Voltek had licensed the process and Voltek was trying to get its eight or ten distributors throughout the country to utilize this process in their plants.

Q. And FoamAid was one of those distributors?

A. And FoamAid was one of those distributors. They had one machine and one setup and they were experimenting with it, but they were doing everything under wraps and nobody knew about it. It was all secretive. And I did see it at one time molding and that was my only viewing of that particular molding. I did not want to get too close to it because of the high radiofrequency waves on that.

Q. Oh, really? They told you that was dangerous?

A. It's very dangerous, yes.

Q. Do they have the shielding around it?

A. Oh, yes, big metal shielding. They have to watch out for the airplanes coming in because the radiofrequency waves disrupt the airplane radio traffic also.

Q. Did they have to get FAA approval before they could use it?

A. Yes.

Q. Really? So you were told at that time that [p. 118] that process was under license from somebody else?

A. From Voltek.

Q. From Voltek?

A. Yes.

Q. Okay. I'd like to show you a document that's been previously marked as Defendant's Exhibit 7, it's called Attachment to the Notice of Allowability. Is this the document that was referenced in Defendant's Exhibit 32, the letter from your counsel?

A. Does this have to do with the second patent –

Q. Yes, sir.

A. – expiring at the same time as the first?

Q. No, sir. This is the document which was filed by the patent examiner giving his reasons of the notice of allowability.

A. Oh, yes.

Q. Why don't we direct your attention back to Exhibit 32 for a minute and go to page two of Exhibit 32. Mr. Fieseler points out that in paragraph four the examiner set forth the following statement of reasons for allowance. He goes on to quote, a principal reason for the allowance of these claims is the lack of any teaching or suggestion to mold foamed, cross-linked polyolefin articles that are free of flash at the mold parting line, by positioning a foamed

* * *

ROACH AND WHEAT

SUITE 800, THE REPUBLIC BUILDING

429 W. MUHAMMAD ALI BOULEVARD

LOUISVILLE, KENTUCKY 40202-2346

(502) 585-2040

MARTIN ROACH (1938-1988)
JACK A. WHEAT
JOEL T. BERES

FACSIMILE
(502) 585-1024

April 21, 1995

Donald F. Melhorn, Jr., Esq.
Steven Funk, Esq.
MARSHALL & MELHORN
Four SeaGate, Eighth Floor
Toledo, Ohio 43604

VIA FACSIMILE: (419) 249-7151
AND FIRST CLASS MAIL

Re: Ohio Cellular Products v. Adams USA

Dear Frank and Steve:

Reassured by recent developments in this case, the principals of our clients have unanimously reaffirmed their decision that there will be no nuisance settlement in this case. We fully concur with our client's decision. Our client understands the extensive expenses which will be incurred to litigate this matter to conclusion and are willing to incur those expenses rather than pay any ransom to make this case go away.

Our clients' decision is reinforced by their understanding that patentees are often required to pay the alleged infringer's legal fees. Especially considering the noninfringement in this situation coupled with Mr.

Nelson's inequitable conduct associated with procuring the patent registrations, this is a good case for a fee award. As noted by the Court of Appeals for the Federal Circuit, Section 285 of the Patent Act provides for attorneys' fees recoveries to alleged infringers to prevent "a gross injustice" such as we have in this case. More specifically, the Court has noted as follows:

> Such injustice certainly includes situations where a patentee has litigated in bad faith, or committed fraud or other inequitable conduct during prosecution before the Patent and Trademark Office.

Machinery Corporation of America v. Gullfiber AB, 774 F.2d 467, 227 USPQ 368,372 (Fed. Cir. 1985).

Notwithstanding, and without any admission of liability and solely for the purpose of avoiding additional litigation expenses, our clients have directed us to provide OCP with one *final* opportunity to settle this matter along the lines specified in our letter of January 24. That is to say, our clients will dismiss their invalidity/inequitable conduct claims, without prejudice, in exchange for your client's dismissal of this action with prejudice, along with an acknowledgement that Adams and Apehead are not infringing either of the patents in issue joined with a covenant not to sue in relation to the process now utilized by Adams and Apehead.

A primary rationale supporting this settlement is the clear admissions of your client at his deposition. For instance, he acknowledged being familiar for "many, many years" with the Voltek document which Mr. Nelson agrees dates back "earler than" the mid 1980's. (Nelson

depo. at p. 118). The Voltek publication clearly anticipates both of your clients' patents, yet Mr. Nelson did not disclose that publication to the Patent and Trademark Office.

Similarly, we note your client's acknowledged familiarity with the Marc process reflected in the '037 patent, Defendant's Exhibit 1, prior to your client's initial application for the patent in issue. (See Nelson, depo. at p. 158). Furthermore, in addition to your client's acknowledged familiarity with the Marc '037 Patent, we note your client's admission that he was aware that the '037 Patent was the technology referred to in Mr. Lammy's refusal to execute the inventor's declaration. Notwithstanding, Nelson failed to identify that patent to the examiner, rather he specifically referred to examiner to other *less related* Marc patents. (See Nelson Depo. at pps. 153-165.)

We cannot imagine a clearer case of the type of inequitable conduct which renders patents unenforceable as a matter of law.

Furthermore, considering that the current process utilized by Adams is the identical process which your client previously determined was outside of the scope of the earlier of the two patents in issue, considering your client's admission that the more recent patent was prepared in an attempt to read on the process utilized by Adams and considering the clear inequitable conduct associated with the prosecution of same, this matter is a classic case for an award of attorneys' fees to the defendant.

We recognize Mr. Nelson's contention that "he does not believe" the Lindt report in which Professor Lindt

reported that Adams and Apehead do indeed preheat their foam before insertion of same into the molds. Notwithstanding, now that both of you, as well as your client's expert, Professor Frisch have witnessed the process and even touched the pre-heated preforms, we trust that you have advised Mr. Nelson that he is mistaken in his "belief" that Adams and Apehead do not pre-heat the preforms.

Along that line, we are satisfied that your client's expert, Professor Frisch, has concluded that the Adams/Apehead process is not within the scope of any proprietary rights of your client.

Our instructions are to pursue invalidation of both of the patents and recovery of attorneys' fees.

Nonetheless, as noted above, in a *final* effort to avoid the substantial expenses to be incurred in association with the extensive discovery which will be pursued to more clearly establish your client's inequitable conduct, the expense of summary judgment proceedings and trial expenses if this matter is passed to trial, we are authorized to provide your client one last opportunity to accept the settlement proposal outlined above.

This offer will remain in effect until the close of business on Monday, April 24, 1995.

Very truly yours,

/s/ Jack A. Wheat
Jack A. Wheat

JAW/kml
cc: Adams USA
Vance A. Smith, Esq.

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION

[Caption Omitted In Printing]

Deposition of Peter Halstead July 22, 1997

• • •

[p. 6] A. That's a good question. I believe Colgate-Palmolive actually form Athletic Helmet, Incorporated.

Q. 15 Prior to your employment there where were you employed?

A. BIKE Athletic Company.

Q. 16 What period of time?

A. Late '84 or early '85 I came to BIKE.

Q. 17 What was your position there?

A. I had several. I was process engineer when I first came; then I became a senior research engineer.

Q. 18 Do you know Don Nelson?

A. I do.

Q. 19 How long have you known him?

A. Since late '84 or early '85.

Q. 20 Okay. How did you become acquainted with him?

A. He was a salesman for Foam Aid Industry or Foam Aid, Incorporated.

Q. 21 What was the nature of its business?

A. They were custom fabricators of molded products predominantly foam.

(Off the record remarks).

Q. 22 So again, how did you first become [p. 165] acquainted with Mr. Nelson?

A. He was making a presentation at BIKE Athletic.

Q. 23 Relating to what?

A. I believe there was a couple of items. One was a helmet liner that was molded and dialectrically sealed together, and the other was the athletic padding that Foam Aid was seriously considering producing.

Q. 24 And what was BIKE's response to that – That was an approach from Mr. Nelson?

A. I believe so. I was a new employee at BIKE, but my first job at BIKE was as process engineer to work on our current inhouse foam molding process which we felt could be improved, and as such I was brought into the meeting, and the results were we went to visit Foam Aid.

Q. 25 Who is "we"?

A. Myself and Sloan Becker who was an industrial engineer.

Q. 26 Employed by BIKE?

A. Correct.

Q. 27 I believe you said you and Mr. Becker went to Foam Aid?

A. That's correct.

[p. 166] Q. 28 Why don't you summarize for us what you recall of that trip.

A. We flew in the night before. We had dinner with Mr. Nelson. The next morning we went to Foam Aid, and we met with two of their engineering staff; I don't recall their names, but I can picture the one young man's face; he was a very nice young man, and there was considerable conversation about the parts we were interested in and whether Foam Aid would be willing to manufacture those and what not, and then we had a tour of the facility.

Q. 29 What did you get to view during that tour?

A. They were making a variety of products out there. The one product very impressive to me from an engineering standpoint was I believe a deodorizer, like a Renuz-It where they were vacuforming and sealing the chemical into this thing in a very automated completely scrapless environment, that the engineer was very proud of how this machine worked, and we spent some time looking at that which I think was supposed to communicate to us the efficiency capabilities that they had. And then we reviewed another operation where – my recollection is it was some sort of a shoe insert that was being [p. 167] made in a prototype mold.

Q. 30 To your recollection it was a shoe insert made out of what type of substance?

A. I believe it was a polyethylene. It was a – I'm pretty sure it was a shoe insert. The molds were a silicone material, very much the color of east Tennessee clay.

Q. 31 Okay. And you got to view that process?

A. Yes.

Q. 32 Describe for us what you were able to view?

A. Parts were laid out predie cut I guess is the word, they were, you know, approximately the size of the mold; they were placed in the mold, a rotary environment, if you will; operator stood in one place, placed them in the mold, and they rotated around, and another mold was there for the operator to fill, and the mold that rotated around went under a radio frequency discharge unit which emitted a radio frequency which is along the orders of a microwave in the way it heats things, certain heating cycle or cycling, which this thing is in this radio frequency which is a press I guess which squeezes the mold and emits this frequency and then it opens up [p. 168] and then rotates to the next station and then eventually comes back around, and there's a cooling cycle there, and then it comes back around to the operator who opens the mold, takes out the part, puts in the next blank, and it repeats itself.

Q. 33 Okay. Now, the blanks, the material blanks were precut I believe you said?

A. Yes, uh-huh.

Q. 34 To approximately the size and shape of the mold?

A. Right. The whole point was that you had a very nice finish on the part. You didn't have the typical finish of a part that's been formed and later cut out where you just can't cut it as nice and neat as if it was formed that way.

Q. 35 And then the mold would be closed after it was after the –

A. That's right. This blank, if you will, was put in the mold; the mold was closed, and it rotated to the RF station.

Q. 36 Where it was heated through radio frequency?

MR. KERGER: Object to the form of the question. You're leading, counsel.

Q. 37 What happened at the RF station?

[p. 169] A. It was subjected to the radio frequency waves which caused the foam to become soft enough,, if you will, to flow in the mold and take on the shape of the mold.

Q. 38 Okay. In your testimony earlier you likened that to some other type of heating?

A. Oh, yeah. It's similar to a microwave. It's an electrical field that excites the molecules as I understand it in the material, and as the molecules excite the material becomes hot.

Q. 39 And then what was the next step you viewed in this process?

A. Well, it was really just one big machine, but the operator would load the blank; it would go to the RF head; then it would go to a station where it d[illegible] nothing except cool off. Apparently if you demolded it too soon it would not necessarily hold its shape. And then it came back to the operator who would take out the finished part and set it in one spot and take a new blank, put it back in the mold, close it up, and it was just kind of a merry-go-round affair.

Q. 40 When was this process demonstrated to you?

A. It would have been early '85. It was [p. 170] my very first project at BIKE.

Q. 41 And when did you become employed at BIKE?

A. Late '84 – early '85. I interviewed in late '84; I believe I went to work in early '85.

Q. 42 And while this process was demonstrated to you who was present?

A. Mr. Becker, Mr. Nelson, and the young engineer whose name escapes me and another gentleman from Foam Aid who met us out on the floor, and I'm not sure if he was the production manager or somehow related to – somehow he was related in the way that he was the one responsible for quoting projects, what it would cost for us to have a job done there.

Q. 43 Was there any discussion of any proprietary rights in that process?

A. Yes. The temperature settings and dwell times and specific composition of the foam product being used was proprietary.

Q. 44 Okay. Let's back up. By "proprietary" I meant ownership, like the ownership of a patent or something like that?

A. No, nothing like that was discussed. Merely we started asking questions about exactly how this worked, and we were told that you needed a [p. 171] special foam which was available only from Foam Aid, they wouldn't

want to tell anybody how it was made and that the process itself was covered under a patent and that they had the official license to do that kind of work.

Q. 45 They had the license?

A. They, Foam Aid, as I understand it had the license to use that technology.

Q. 46 Was there anything explained to you as being confidential about that process?

A. Well, the confidential nature was exactly how they had set the heating cycle and the dwell time and that there was some additive, if you will, to the foam that made it susceptible to radio frequency waves.

Q. 47 What do you mean by the phrase "dwell time"?

A. How long it stayed at different work stations.

Q. 48 But as far as the steps and the stations, the stations and the steps of the process, that was demonstrated to you?

A. Oh, yeah, uh-huh. Stand right there and watched the machine go around several times, and then questions, were, you know, "Gosh! How much [p. 172] pressure's on it? How much radio frequency is there? How long is the radio frequency on for?". And those were not available to us, those specifics.

Q. 49 Did BIKE have any later involvement in the process or project?

A. Yes. Yes, we did. We had been trying to solve our own inhouse problems; we were doing it kind of a different process, more traditional compression molding process, and we were unhappy with our scrap and our through-put time, and we were pretty much convinced the machinery we were using was really designed for some other purpose and that we either needed to replace the machinery or we needed to purchase the parts from outside to become more efficient and have a better part from the standpoint of appearance and quality in general. So we investigated several opportunities, and we eventually discussed with Foam Aid I believe and then got involved with Voltek, V-O-L-T-E-K, I believe it is, and spoke with a gentleman at Voltek, Ray Pleiness and was invited to –

MR. WHEAT: P-L-E-I-N-E-S-S I believe.

THE WITNESS: That sounds right. And we were invited to a seminar in the New Hampshire area and went to it; the seminar was on radio frequency

* * *

[p. 173] A. Yes, it is.

Q. 76 Do you agree with everything in there or is there something you would like to explain or –

A. No. Essentially this is it. I mean if you all have any questions I'd be glad to try to explain them.

MR. WHEAT: I think I'm about finished. I just want to summarize and make sure I understand your testimony.

Q. 77 When did you first meet with Mr. Nelson?

A. Late '84 or early '85. Most likely early '85.

Q. 78 And how is it you recall that date?

A. It was my first project with BIKE.

Q. 79 And when did you become employed at BIKE?

A. Well, I think I actually went to work in very early '85.

Q. 80 And when you first met with Mr. Nelson the process was demonstrated to you?

A. Not when I first met with him. He first met with us at BIKE.

Q. 81 Excuse me. Okay. And then after he [p. 174] met with you at BIKE you went to Foam Aid?

A. Correct.

Q. 82 And the process was demonstrated to you at Foam Aid?

A. A couple of different processes, but this one in specific, yes.

Q. 83 And is the steps of the process again were?

A. Die cut a part, put it in a silicone mold; that mold then went under a pressure and RF head, if you will, that applied pressure to the mold and emitted this radio frequency; then it went to a cooling station; I believe it was passive; there might have been a fan under it or something that cooled it; then it went back to a loading station which was then an unloading station; you took the part out, you put the blank in, and it started over.

Q. 84 And Mr. Nelson was present when that process was demonstrated?

A. Yes, he was.

Q. 85 What was secret if anything about the process?

A. The specific settings of the machine and the exact additive to the foam that allowed it to be reactive to this.

* * *

LAW OFFICES OF
KERGER & KERGER
THE BAKERY BUILDING
33 S. MICHIGAN STREET, SUITE 207
TOLEDO OHIO 43602

RICHARD M. KERGER
WRITER'S DIRECT DIAL NO.: 255-5971

October 13, 1997

Jack A. Wheat, Esq.
Wheat, Camoriano, Smith & Beres
Suite 800, The Republic Building
429 W. Muhammad Ali Blvd.
Louisville, Kentucky 40202

Re: *Ohio Cellular Products v. Adams*

Dear Jack:

I am writing to potentially save you some time. The fact is that if the attorney fee award exceeds a very limited amount, you will not collect it because the company will be liquidated. If you wish to discuss a resolution on a nominal basis, please let me know.

Sincerely,

/s/ Richard M. Kerger
Richard M. Kerger

RMK: bam

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION

[Caption Omitted In Printing]

Transcript of the Proceedings May 6, 1997

* * *

[p. 27] totally irrelevant.

MR. BENNETT: Your Honor, what we are doing here is simply trying to demonstrate to the Court the ebb and flow of the prior art discussions that were going on both before and after.

The testimony of this witness will show that one, two, three – at least three searches for prior art were performed by counsel for Ohio Cellular; that two searches, at least two searches that we know of, of the prior art were performed by the patent examiners. The bottom three were as a result of Mr. Fieseler's firm and the Purdue letter.

The prior art references here also include indications that various classifications were searched that included the Marc patent, and we're going to be moving through this paragraph quickly just to highlight that for the Court so the Court has a sense of the ebb and flow of the prior art, the research that was done.

MR. WHEAT: Let me offer them a stipulation.I don't know if it's true or not. Counsel probably conducted some searches. We'll stipulate that they did. We'll stipulate that the examiners conducted searches. If that's what we're getting at, we'll stipulate to that, and that

that's what – well, I don't know where those came from. Was that listed in the [p. 28] patents, or was that disclosed to –

MR. BENNETT: These are all listed in the '110 –

THE COURT: Yes.

MR. BENNETT: – in the '110 patent in the references, U.S. references. These are disclosed in the reference sections. These were provided by Mr. Fieseler's firm as part of a response to an initial rejection following the production of the Purdue letter.

These are the only references to RF anywhere in the prior art and the ebb and flow, Your Honor, and here's the reason why: The different firm, William Brinks, conducted a search and did not disclose anything RF.

Patent Examiner Lowe, who examined both of these patents, did a search here, found nothing in relation to RF that he included in his reference citations. He did a second search in relation to the '222 application, including the very same subclassifications that included the Marc patent, the '037 patent. It's not here.

When he was presented with the material relating to Marc – Clint, and then this Marc, separate Marc patent, which is identified, I believe, in this one, he took a look at it, and his comments – following [p. 29] his final approval, he made a comment that we believe is dismissive of RF as irrelevant to what's happening here, and thus the only material here was provided by us, going beyond the obligation that we had, a good faith obligation to provide information to the examiner and everything else, one, two, three, here.

There was another search that this gentleman will be testifying to that was done before the '222 application was filed. None of it produced RF, so that's where we're coming from in terms of running through this testimony.

MR. WHEAT: Okay. Just on the speculating that the examiner dismissed RF as irrelevant, we're willing to assume all of that's true and forego the need to put on any further proof about that.

MR. KERGER: May I have a moment, Your Honor?

THE COURT: Sure.

(A discussion was had off the record.)

MR. BENNETT: We'll see if we can move it along here. We'll accept the stipulation.

So the Court will have this in front of him, and he can have an opportunity to take a look at it for himself, would you please pull Exhibit 1 again.

[p. 30] BY MR. BENNETT:

Q. Would you please indicate to the Court, where are the U.S. classifications that are implicated by this particular patent shown?

A. In the left-hand column.

Q. First page?

A. First cover page of the patent, left-hand column. There's a bracket 52, which the U.S. classification into which this patent was placed. Classes, and subclasses are listed starting with 264/152.

The line below that with the 58 in brackets indicates the field of the examiner's search, and the classifications with the search include or start with 264/321.

Q. Are you aware of – well, before I move on, the U.S. classification line, line 52, there are a whole bunch of classifications there, and the first one is in a boldface. What's the significance of the boldface?

A. That's the principal classification into which the patent was placed.

Q. What about the other unbold classifications we see?

A. Those are subsidiary classifications. The reason that the patent is placed there in this instance [p. 31] is because when future patent applications are filed, the examiner needs to identify relevant technology, and there may be some relevance of the subject matter in a few of those other classifications.

Q. Are you aware of whether the U.S. Patent Office has these classifications computerized?

A. Yes, they do.

Q. There's also something called a shoe, as I understand it. What is a shoe?

A. A shoe is actually equivalent to a file drawer that has all of the patents in a particular class and subclass.

Q. So using the '110 patent here as an example, would a copy of the '110 patent be contained in classification 264/321? It's the last –

A. That's the intention, yes, that this patent be placed in all six of those classes and subclasses.

Q. Let me direct your attention, if I can, to Exhibit 18. Can you identify that exhibit for the Court, please?

A. That is United States patent number 4,524,037 issued June 18th, 1985 in the name of Michel Marc, M-A-R-C.

Q. Now, in this particular patent, line 52, U.S. claims, again, has the listing of various [p. 32] classifications. What is the second classification listed for the Marc patent?

A. The second classification on line 52 is 264/321, and by the way, "U.S. Cl." is U.S. classification.

MR. WHEAT: I think we can offer a another stipulation, that the Marc classification was in the field that they searched.

THE COURT: Yeah. They appear to be in the same field.

Q. And finally, let me ask – let me ask you to identify Exhibit 6.

A. Exhibit 6 is a copy of United States patent number 5,273, '702 issued December 28th, 1993, signed to Ohio Cellular Products, named inventors, Donald Nelson and James Lammy.

MR. WHEAT: We offer the same stipulation, if that's where you're going.

MR. BENNETT: Thank you. We accept it, Your Honor.

Q. Did Bob – did you or your firm conduct any additional prior art searches in relation to the '824 application?

A. No.

Q. Did you or your firm conduct any prior art [p. 33] searches in relation to the applications that followed the '824 application, the 588 or the '222?

A. We conducted an additional search prior to filing the '222 application, but it was at a time that we had not yet decided to file the '222 application.

Q. Let me direct your attention to Exhibit 22 and ask if you can identify that for the Court.

A. Exhibit 22 is a copy of a search report prepared for me by Alora Cope, who is the firm's librarian at the Neuman firm.

Q. And tell me about your librarian's patent researching skills. What kind of training had you provided to her in that regard, or him?

A. Alora was a professional librarian, had worked at other law firms, and was adept at technical subject matter, and was very competent in carrying out searching, and after the Neuman Williams firm dissolved, she had her own business at doing this until she retired.

Q. Had you had an opportunity to observe her performance over time?

A. Yes, I did.

Q. And in the course of that direct observation, did you form any opinions to her competence as a patent researcher?

* * *

[p. 36] Q.And was the elimination of that room temperature terminology the purpose of the prosecution of the '222 application?

A. Yes.

Q. How did Ohio Cellular respond to this examiner action?

A. Well, we went through each of the points set out by the examiner and attempted to address them point by point.

Q. And we will be getting into the filing and declaration submitted by Don and James to that in a few moments, but before we get there, before there was actually a filing, this is the relevant time period.

This is the time when everything occurred, in relation to the Purdue letter. I would like to have you give the Court, from your lawyer's perspective, your patent lawyer's perspective, what occurred with respect to the preparation to submit the response to the examiner's action.

A. The first thing we did, of course, was to write the clients a letter, enclosing a copy of the office action, and to explain the significance of the examiner's findings and our proposals as to how to respond.

Q. Did that correspondence indicate an obligation [p. 37] with respect to disclosure information to the patent office?

A. Yes.

Q. And what was that indication that was given?

A. I don't remember without – from my own memory. It seemed to me that the examiner was looking for further information about the inventor's knowledge and belief that they were first inventors of the subject matter now being claimed, and the examiner specifically asked for a new oath or declaration, and in that declaration they needed to reaffirm their duty to disclose relevant information, and it would have been my practice to remind the client at that point.

Q. That's, in fact, the point I'm wondering about. What was the point that you reminded the client about in relation to the duty to disclose?

A. That we had a renewed duty to call to the examiner's attention any relevant prior art patents and printed publications, even if they went beyond those that we had already cited.

Q. Now, you indicated that that's something that was required of both inventors.

A. Yes.

Q. Who were the individuals listed as being inventors in relation to the '222 application?

[p. 38] A. Donald Nelson and James Lammy.

Q. Who is Mr. Lammy?

A. Lammy, in addition to being named as a co-inventor, was a business partner of Don Nelson's.

Q. And was that also true at the time the '222 application was being prosecuted?

A. No, it was not.

Q. And was that true at the time that you were preparing the response to the examiner's action objecting to the '222 application?

A. That was also true, Lammy was not Nelson's business partner at that time any longer.

Q. Was an attempt made to obtain an affidavit from Mr. Lammy that reaffirmed the issue that the examiner wanted the inventors to reaffirm for him?

A. Yes.

Q. Was that attempt successful?

A. No, it was not.

Q. Could you please tell the Court about what was done in terms of that attempt and what occurred?

A. We prepared a declaration for both Nelson and Lammy to sign indicating that they believed themselves to be the first, original, and joint inventor to the subject matter, which was the process minus the room temperature, that the preforms not be tacky or sticky.

[p. 39] I sent that to Mr. Nelson, who then indicated to me that he had attempted – or he did meet with Mr. Lammy. Mr. Lammy took the papers and was going to consider whether he would sign it or not.

Q. Did you subsequently learn whether Mr. Lammy was willing or was going to sign those papers?

A. Yes, I did.

Q. How is it that you learned that?

A. Mr. Nelson telephoned me and told me that, after meeting with Lammy, he believed that Lammy was uncomfortable about this, and then I also received a letter from Lammy's attorney.

Q. Let me direct your attention to Exhibit 9 and ask you to briefly identify that to the Court.

A. That is the letter I received from Lammy's attorney, which is directed principally to Mr. Lammy, but includes my name as a carbon-copied recipient by certified mail.

Q. The Court, of course, can read the letter. We won't burden the record with recitation of that. Let me merely ask –

MR. WHEAT: May I at least note on the record that that's previously identified as Defendant's Exhibit 4, so there's no confusion.

THE COURT: Same exhibit?

[p. 40] MR. WHEAT: Yes.

THE COURT: Different designations by the parties?

MR. WHEAT: (Attorney nods head.)

THE COURT: Thank you.

BY MR. BENNETT:

Q. Mr. Fieseler, did this particular letter make reference to the Marc '037 patent?

A. No, it did not.

Q. Did this letter describe the methodology described in the Marc '037 patent?

A. At the time I got this letter, we had no awareness of the '037 patent. From what I now know about the '037 patent, this does not include a description of what is in the '037 patent.

Q. Let's go to the point you just raised. This is really the ultimate point. When did you first learn of the Marc '037 patent?

A. I first learned of the '037 patent after the lawsuit had been filed against Ohio Cellular by the Marshall & Melhorn firm, which was after the issuance of the '702 patent.

Q. And a related question, but we need to ask it, when did you first learn of the methodology described in the '037 patent and that is the subject of the '037 [p. 41] patent?

A. Well, at the same time I learned about the '037 patent.

Q. When you received a copy of the Purdue letter, Exhibit 9, what did you do with it?

A. I immediately sent it to Mr. Nelson.

Q. Let me direct your attention to Exhibit 10 and ask if you can identify that for the record.

A. That is the copy of my transmittal letter to Mr. Nelson.

Q. In this letter, do you 'address this issue of the disclosure obligation an inventor owes to the patent office?

A. Yes.

Q. And could you please direct the attention of the Court to the portion of that paragraph where that's indicated?

A. Page 2, the last full paragraph, I discuss the obligation we all then had to disclose whatever we know about the FoamAid process to the Patent and Trademark office.

Q. I note about halfway down the letter the statement reads, "By providing me a certified copy of this letter, I, and you are now under an obligation, as Lammy's attorney must have obviously intended, to [p. 42] disclose whatever we know about the FoamAid process to the U.S. Patent and Trademark Office in connection with pending application."

Is that an accurate statement of what you understood your obligation to be?

A. Yes.

Q. Is that an accurate statement of what you understood Don Nelson's obligation to be?

A. Yes.

Q. What did you then do to fulfill that obligation?

A. Well, I discussed this with my associate, Patrick Arnold, who's indicated as a copied recipient, and we

decided we needed to contact Don to get any and all information he had about the FoamAid process.

Q. And did you and Mr. Arnold, in fact, undertake those communications with Mr. Nelson?

A. Yes.

Q. What did Mr. Nelson advise you regarding the FoamAid process and his knowledge of it?

A. Well, initially he couldn't tell us – he wasn't able to tell us much more than FoamAid itself, and the type of products that they were, you know, pads made out of foam material. And we prepared the response to the office action and supporting papers intending to [p. 43] include the Purdue letter without any further information from Mr. Nelson besides that.

Later, my associate, I notice in Exhibit 11, sent him the papers. No, this is not the letter.

Q. Let's take a look at Exhibit 11, because strangely enough, that's the one I have in my hand right now. Tell the Court what Exhibit 11 is.

A. I have to find it first. There was a series of correspondence that –

MR. WHEAT: Excuse me. Was I given a copy of Exhibit 11?

MR. BENNETT: Yes. Here's another one.

A. The purpose of this letter –

MR. BENNETT: Maybe I didn't, counsel. I apologize.

A. The purpose of this letter was to advise Mr. Nelson that we were still waiting for information from him about FoamAid, and the reason we sent the letter when we did is, we were within two weeks of the absolute deadline of filing a response and wanted to go on record as having made the request and prompt Mr. Nelson to disclose to us whatever he knew.

Q. Now, in this particular aspect, letter – excuse me, the exhibit, there is a reference to a [p. 44] patent; is that correct?

A. Yes.

Q. How is it that the information concerning this patent issue arose in relation to FoamAid?

A. My recollection is that, based on oral discussions by telephone with Don, he associated the FoamAid process with a patent.

Q. So that information came from Don?

A. Yes, it did.

Q. Now, did your firm at the time attempt or undertake any type of patent search in order to identify possible patents related to what Don could remember about the FoamAid process?

A. Yes, we did.

Q. How is it that that search came to be undertaken?

A. We had initially prepared a response to the office action, 1992 office action, attaching the Purdue letter and a declaration for Don to sign, which he indicated that,

beyond the Purdue letter, he only knew a limited amount about the FoamAid process.

He called us after receiving that initial declaration for him to sign and said, "Well, I actually know a little more than what your – what's set out in this draft declaration," and that little more was that [p. 45] there was a company named Clint.

Q. Did he indicated how he came to know the name Clint?

A. He may have, but I just don't remember.

Q. When you came into possession of the name Clint, what did you do?

A. We knew we then had to include that in the submission to the Patent and Trademark office, and that would naturally prompt the examiner to inquire what information is there about Clint that would have a bearing on this, particularly where we were planning on proceeding with Mr. Lammy. We wanted to clear up whatever concerns the examiner might have.

Q. Why would you have to give the name Clint to the patent examiner?

A. Well, because not to give it would be to withhold information. That would only be partially complete, since we were going to disclose the Purdue letter, and Clint was not included in the Purdue letter. Clint was something that Don had in his knowledge, communicated to us, and had the relevancy that made us obligated, in my view, to submit it.

Q. So the obligation is to include not just the stuff that an attorney or the client may deem – may themselves deem relevant, but all that may have a [p. 46] bearing on the application itself; is that correct?

A. Yes, there's an objective standard.

Q. Now, is there an obligation on the part of the parties, the inventor submitting the application, to go beyond disclosing what they already know?

A. No.

Q. Did, in fact, Ohio Cellular go beyond what it already knew and what Mr. Nelson had provided to you?

A. Yes, it went beyond at my behest.

Q. And what was done at your behest?

A. I asked a paralegal at my firm, McAndrews firm, to conduct a search for Clint patents that had to do with the molding of foam particles.

Q. Let me direct your attention to Exhibit 12 and ask if you can identify that for the Court.

A. Exhibit 12 is the search report on Clint patents.

Q. Could you please tell the Court, describe for the Court, the flow of this document?

MR. BENNETT: Your Honor, have you ever seen a dialogue report before?

THE COURT: Yes.

A. Starting with page 1, it's sign-on information, billing information, appears to have no substance until

you get to the bottom, where our paralegal, Walter [p. 47] Bronshawog (phonetic), entered certain terms for the search.

Q. If you move over to the top of the second page, and you have continued variations on Clint continuing. What is this, when you move down into this particular part of the document, beneath that, immediately above the line and below the line? Second page, I'm looking at.

A. On the second page above the line?

Q. Just to give the Court the ability to quickly read it.

A. Identify information. Any time you see a question mark, that's a prompt for the operator, the paralegal at our firm, to take some action. What does your – what do you want your search? PA, patent assignee, equals Clint. And once the search has identified various patents, and then the numbers of the searches, S and E names, assignee names, the paralegal indicated what subsets of those groups he wanted printed out.

MR. WHEAT: Excuse me, Mr. Bennett. I think I know where you're going, and we'll be willing to stipulate, if you want to suggest the stipulation.

MR. BENNETT: Well, can we stipulate so we already have the testimony that this is, [p. 48] in fact, the patent search report that was done in response to the identification of the Clint name, and that it resulted in the identification of a series of patents, and that's really where I was getting at, is patent number, date of issue, description, on that line, and that the patents attached are, in fact, the patents reflected in the report. There are

two missing, and we're going to be asking about that in a moment.

MR. WHEAT: We're willing to stipulate it was a search conducted November 10, 1992 seeking to discover patents which had been assigned by a company named Clint, if that's what you need. I mean, we'd like the testimony from the witness that this is the entire search. Other than that, I think we're in agreement that this exhibit's fine.

BY MR. BENNETT:

Q. Just a couple issues, then, very quickly. This search was done November 11, not on November 10.

A. Yes, it was done on the 11th.

Q. And with regard to the patents that were discovered in this search, did this search result in the discovery of, or any reference to, the Marc '037 patent?

A. This search did not identify the Marc '037 patent, and may I just say that the search report itself is the first six pages. The patents attached to it are [p. 49] ones that we ordered subsequently.

Q. And that we've attached to it so the Court would have them available to it, correct?

A. Apparently this exhibit is a compilation, yes.

Q. There are only four patents attached here. There are two that are omitted, specifically the S – let's see.

A. There are two. Bicycle sprocket drive and the biological staining method appear to be so far afield that we did not even order copies of those.

Q. Did your firm undertake any – counsel's question, any searches beyond the search under the name Clint, Inc. and produce a report other than this report?

MR. WHEAT: I think my concern was whether this was the entire report of that search.

A. This is the entire report of that search.

MR. WHEAT: Now to the next question.

Q. The next question was, did you do any other searches beyond this search?

A. No.

Q. Did you disclose the results of this search to the patent office?

A. We disclosed two of the patents that were identified in the search.

* * *

[p. 53] anything bearing on the subject matter.

A. Correct.

Q. Why did you make this disclosure that you did as broad as it was?

A. Well, we realized from prior dealings with Adams' attorneys that the patent we were going to be getting had a strong likelihood of being involved in a proceeding, and we wanted to make sure that the patent had emerged from the '222 application as strong as possible, and we could see that the failure to disclose these references would weaken the strength of the patent at issue and made it more subject to attack.

Q. At any point in your prosecution of either the '110 or '702 patents, did Donald Nelson ever tell you that he knew of the Marc '037 patent?

A. No.

Q. At any point in your prosecution of either the '110 or '702 patents, did Donald Nelson ever tell you he knew the process described in the Marc '037 patent?

A. No.

MR. BENNETT: Your Honor, may I have one moment, please? Counsel,you may want to pull your list. I'd like to run through.

Your Honor, at this time I would like to offer into evidence, pursuant to either the testimony or

* * *

[p. 59] trouble right now distinguishing between what he told me at the time about what he knew about that process and what I now know about the process.

Q. I believe you said that you informed him of his obligation to disclose any pertinent information he was aware of.

A. Oh, yes.

Q. And in response to that, he indicated to you that he really didn't understand what Mr. Lammy was referring to.

A. He couldn't give me a lot of details. He told me what he knew about FoamAid and the information that it was covered by a patent.

Q. He did tell you he was aware it was a process covered by a patent?

A. Yes.

Q. Did he tell you he had a copy of that patent?

A. No.

Q. What's the shorthand we attorneys use and courts use when they reference a patent? They use the last three numbers?

A. Correct.

Q. And which name?

A. The first name inventor.

Q. The name of the inventor, not the name of the [p. 60] assignee?

A. There are times when we do refer to the assignee, but most often it's the Marc '037 patent.

Q. Did you or anyone on your behalf or on Mr. Nelson's behalf, to your knowledge, search under the name Marc?

A. No.

Q. Do you recall Mr. Nelson telling you Marc was the patentee?

A. No, not at the time we did the search.

Q. Do you recall telling Mr. Nelson that you searched under the name Marc?

A. I recall a letter in which I reported to Don that we had done a search based on the information that he had provided us regarding Marc and Clint.

MR. BENNETT: Yes. That's Defendant's Exhibit 28, Your Honor.

Q. Would you like to see that letter?

A. I'll wait for your question.

MR. WHEAT: May I approach the witness, Your Honor?

THE COURT: Surely. That's your 28, which is the letter of 11-12-92?

MR. WHEAT: Yes, Your Honor.

BY MR. WHEAT:

[p. 61] Q. Second paragraph, fourth line, the sentence begins, "The three patents were identified in a search we performed using the information you provided to us regarding Michel Marc and Clint, Inc." Is that what you said?

A. That's what I said in this letter, yes.

Q. Was there a Marc search?

A. No, there was not.

Q. Why not?

A. The information Mr. Nelson had given us was Clint. We subsequently, in reviewing the search results, identified Marc – we being members of my firm – as being a commonly named inventor on just about all of

them. We found that yet another patent cited within one of the Marc, slash, Clint patents and communicated to Don prior to sending him this letter, and at that time Don indicated to us that the name Marc was familiar to him.

Q. Okay. For references cited, the patent office uses the name of the inventor, not the name of the assignee, correct?

A. Correct.

Q. If Mr. Nelson testified that he told you that the patentee was Marc, is it your testimony that he did not tell you that, or you don't recall?

[p. 62] MR. BENNETT: Objection. At what time, counsel? There's no time reference in this question, Your Honor.

Q. In response to Lammy's refusal to execute the inventor declaration, you sent a letter to Mr. Nelson saying, "You have a duty to disclose everything pertinent." Mr. Nelson, you may assume, testified that at that time he told you that Michel Marc was the inventor. Do you recall him telling you that at that time?

A. No. What I do recall is our communicating the results of the search on Clint, and Don indicating that the naming of Marc was consistent with his knowledge of the FoamAid subject.

Q. And in your letter you said a search was conducted using the information he gave you regarding Michel Marc and Clint, Inc.; is that correct?

A. Right, a search was performed.

Q. The search, introduced today as Exhibit 12, was only a search in the Clint name; is that correct?

A. That's correct.

Q. You're testifying a search was not conducted in the Marc name.

A. Correct, a search was not performed in the Marc name.

[p. 63] Q. I believe you testified that the Patent and Trademark office conducts a search when it is considering application for a patent; is that correct?

A. Correct, yes.

Q. How good are those searches?

A. Well, they're as good as the examiner's knowledge of the subject matter and formulation of the search. They're as good as the completion of the search categories.

Q. How many patents have been issued in the U.S.?

A. About five-and-a-half million.

Q. They also search international patents, don't they?

A. As entered into the files, yeah.

Q. It's not uncommon for the patent office to miss pertinent prior patents; is that correct?

A. It happens, and that's the subject of many lawsuits.

Q. In the United States Patent Quarterly, there are cases where a patent is invalidated based upon a previous patent that was not known to the patent office or not located by the patent office.

A. That's correct.

Q. That's why there's also the duty of disclosure placed upon the patent attorney and the assignee to [p. 64] disclose anything they know that's pertinent.

A. Yes. Recognizing that the search capabilities at the patent office are not one hundred percent. The PTO and the American public counts on the applicant and its representatives to say what they know.

Q. In lay terms, I think, it's a duty to over disclose, to disclose stuff you think is not controlling, but perhaps pertinent, to let the patent office make that determination.

A. I've never heard of a duty to over disclose.

Q. When you do a database search, which is the type that has been produced today, what's the methodology, generally?

A. You have to select the database to use, knowing what were the entries made, and then you select your keyword to enter.

Q. It's a word search. You say, "Search mold." It's not going to find a patent unless mold is in the title.

A. Your search results are only as good as the keyword you enter.

Q. Was a full search conducted? Do you know what I mean by that term?

A. I don't know what you mean by that term.

Q. What I mean by it, you go to an outside search [p. 65] service, which digs through the patents and sends you everything they think is pertinent so they're not crippled by that word search methodology.

A. I did not commission a full search on either of the two applications that led to patents in this case.

Q. Who was Mr. Rywalski? I believe you mentioned him earlier in your testimony.

A. Rywalski was one of the attorneys of record for the '824 application. Rywalski was an attorney in the Willian Brinks Toledo, Ohio office.

Q. Were you aware that Mr. Nelson discussed the FoamAid process with Mr. Rywalski?

A. Yes. No, I'm sorry. No, I'm not aware that Mr. Nelson discussed FoamAid with Mr. Rywalski. I'm sorry. As a matter of fact, I don't know many of the details of discussions between Nelson and Rywalski.

Q. The declaration which you prepared for Mr. Nelson previously in this lawsuit, referred to as Defendant's Exhibit 6, but the copy you have is Exhibit 13, do you have that before you?

A. Yes, I do.

Q. What is the purpose of that document?

A. The purpose of the document is to provide support to proceed without one of the originally named inventors, in this case Mr. Lammy.

* * *

[p. 68] allowability?

A. It's the examiner's narrative comments elaborating on some of the form – points made in the form cover sheet, notice of allowability.

Q. Let me point you to the examiner's narration in numbered paragraph 3, beginning at line 8. Towards the end of that line, the sentence, "The letter also indicates that Mr. Nelson was a former salesman for the company in question. Mr. Nelson in his declaration states that other than the three patents that he had submitted for the file, he has not been able to obtain any other information about the process."

Is the examiner relying on Mr. Nelson's assertion that he really wasn't familiar with that process?

A. Yes.

Q. And then he references the three patents, saying they really don't relate to the process that's mentioned in your Purdue letter, and then concludes that there's a lack – this is the last four lines of that numbered paragraph – "lack of any supporting evidence or information concerning the alleged process, the examiner finds that a prima facie case of public use has not been established." What does that mean to you?

A. He made about two or three statements, the [p. 69] first of which referred to something in the Purdue

letter, which I don't think the examiner described here. So I'm not – to give you the answer, I'm afraid I'm going to adopt something I don't think was accurate.

Q. You're saying there was no proof that what the examiner says is true, that the three patents that Nelson disclosed to me have nothing to do with what Lammy says the process is?

A. I think the examiner is saying that he doesn't find grounds to say that public use should be the basis of a rejection in this case.

Q. It says that a case of public use has not been established, doesn't it, the last six words of that paragraph?

A. Yeah, he says that.

Q. Paragraph 5, does he say, "If I'm mistaken and you know something else, let me know"? Is that the effect of what paragraph 5 says?

A. Yes. It's an invitation to supplement the record.

Q. Did you or Nelson ever indicate to the patent office that Mr. Nelson knew exactly what Mr. Lammy was referring to, and yes, that process does exist?

A. We indicated in the declaration what we knew about the FoamAid process, and that was our complete [p. 70] knowledge at the time. We submitted the declaration at the time we received this notice of allowability.

Q. Again, what did Mr. Nelson tell you he knew about the FoamAid process? My recollection was that he told you he really didn't know much about it.

A. Well, he knew it was covered by a patent.

Q. Did he ever tell you that Lammy's description is accurate?

A. Lammy's description of the process – I don't think he disputed the Lammy description of the process.

Q. Did you tell the patent office, "Lammy's description of the process is accurate of the preexisting process; we think what he's referring to is patent '167"?

A. Well, we submitted the Purdue letter so the examiner could be in the same position we were in in evaluating the significance of the information, and then went a step beyond to try to identify patents that pertain to that process and conducted the search and submitted the results of that search.

Q. Mr. Nelson did not tell you that he had a copy of the Marc patent at the time that all this transpired; is that correct?

A. Correct.

MR. WHEAT: That's all, Your Honor.

* * *

[p. 77] DONALD NELSON,

after being first duly sworn to tell the truth, the whole truth and nothing but the truth, testified and said as follows:

DIRECT EXAMINATION OF DONALD NELSON

BY MR. KERGER:

Q. You are Donald Nelson?

A. Yes.

Q. Where do you live?

A. Adrian, Michigan.

Q. Are you a married man?

A. Yes.

Q. Have children?

A. Yes.

Q. How many?

A. Four.

Q. Grown?

A. Yes.

Q. You work?

A. Yes.

Q. Where do you work?

A. At Ohio Cellular Products in Wauseon, Ohio.

Q. What's your title?

A. President, CEO.

Q. How long have you been with Ohio Cellular?

[p. 78] A. Since its inception approximately eight, nine years ago.

Q. Let's step back a little bit. Graduated from college?

A. Yes.

Q. What was your degree?

A. My degree was a bachelor of arts, majoring in architecture and interior design.

Q. Where from?

A. Lawrence College in Appleton, Wisconsin.

Q. Where did you go after that?

A. Witkiwana (phonetic) Manufacturing Company in Adrian, Michigan. I was their rep in the state of Wisconsin.

Q. What did you rep for?

A. Their science laboratory. They're manufacturers of science lab manufacturing furniture.

Q. What did you do next?

A. I subsequently was made a head of a new division for Witkiwana, which was involved in museum case work, and I was transferred to Statesville, North Carolina, and I was in charge of designing and developing museum interiors.

Q. How long did you do that?

A. Approximately 12 years.

* * *

[p. 82] THE WITNESS: I'm sorry, Your Honor. I'm sorry.

Q. Where did you go then?

A. I then went to – because of my involvement in rotational molding and having spoken at the Association of Rotational Molders on design work, and so forth, I was asked by a rotational molder in Chicago for me to come over there for a six-month tour of duty to be a consultant to him in a rotational molding company.

Q. Did you do that?

A. Yes, I did.

Q. How long were you involved in that?

A. It ended up being a three-year stint.

Q. Did you have any other involvement over that three-year period?

A. Yes, I did, because I was basically enamored with the field of crosslinked polyethylene foam. Because we had started it at Roto Plastics, I was basically pursuing that. And having several friends in the foam industry, I started being a rep for him out of the Chicago area.

Q. Which company did you rep for?

A. One of them was FoamAid Industries.

Q. What aid you understand FoamAid to be?

A. FoamAid was a fabricator of foam, and they [p. 83] basically were strongly involved in the automotive industry.

Q. What did you do for them?

A. I represented them as a manufacturer's representative. I was never employed by them.

Q. Did there come a time when you became aware of an RF process – do you know what RF is, radio frequency?

A. Yes.

Q. – being used at FoamAid?

A. Yes.

Q. How did you become aware of it?

A. I was told by some of the engineers there that they had this process that Voltek was looking for them to license, and they were trying it out.

Q. Voltek, V-O-L-T-E-K?

A. Yes.

Q. What was Voltek?

A. Voltek was a manufacturer and supplier of crosslinked polyethylene foam.

Q. What was the relationship between Voltek and FoamAid?

A. FoamAid is one of their largest distributors.

Q. Did they tell you anything that they – beyond that they were trying this process?

[p. 84] A. Not really, because it was a – it was very private, and no one was to be involved in this. I was working with FoamAid on the process of compression molding; same thing we did at Roto Plastics, and we were then doing business with Bike Athletic in Knoxville, and so forth.

Q. Did there come a time when you were shown something that was described to be the RF process?

A. Yes. I did see it briefly for one time as we were going out to the area that they used for my type of molding, and we stopped, and we looked, and he described basically that that's what they were doing, and we proceeded on.

Q. How long did you stand there?

A. Just a few minutes.

Q. Who was the he who showed it to you?

A. I forget the gentleman's name, but it was one of the engineers at FoamAid.

Q. Were you told it was patented?

A. I wasn't really told it was patented outright; however, I assumed that it was, because Voltek was trying to license this to FoamAid, and they were very secretive about it.

Q. Did you hear the name Michel Marc?

A. No, I did not.

* * *

[p. 107] that the methodology?

A. I believe so, yes.

Q. When were you with FoamAid as a manufacturer's rep?

A. '83, probably, to 1985, '86.

Q. While you were with FoamAid as a rep, you were aware that they precut the parts and put them in the mold; is that correct?

A. On which process? There are several processes.

Q. The radio frequency process.

A. Yes.

Q. Is it fair to say that it was about 1984 that you were aware that FoamAid was using this process?

A. Yes.

Q. Is it fair to say that as early as 1984 you were aware that the process was patented?

A. I assumed that it was patented. I was not directly told it was patented.

Q. Do you recall testifying somewhat differently on – I'm referring to page 39 of volume I of your deposition. That was the one taken in December of 1994. Page 39, beginning at line 14, you stated, "They were licensing it through Voltek."

And then my question was: "Are you aware of any patents that were involved?"

[p. 108] Your answer was: "No. Yes, excuse me. Yes, there were patents involved."

A. Right. From what – I was basically under the assumption there were, but I was not told directly. That's true. That's very true.

Q. Who is David Halstead?

A. David Halstead? David Halstead was with Bike Athletic, and subsequently, later, when Bike Athletic sold their football division, he went with Athletic Helmets.

Q. Do you recall trying to sell to Bike parts manufactured by this process?

A. I did not sell any parts by the radio frequency process sold to Bike whatsoever.

Q. Do you recall telling Bike that it was a patented process, that it was so efficient and so inexpensive that they couldn't obtain the parts at a better price, that they should acquire them from FoamAid?

A. No.

Q. Do you recall bringing David Halstead from Bike to FoamAid and showing him the process?

A. I recall David Halstead coming up to FoamAid with several other Bike people, but the main purpose was to sell them on the compression molding of their parts,

* * *

[p. 115] what he had learned from a former salesman at FoamAid –

A. Who was that?

Q. – as well as from someone who represented a FoamAid customer. "Specifically, more than one year before the '824 application was filed, FoamAid took orders, and filled some of them, for athletic pads which were produced by cutting preforms from partially crosslinked polyethylene foam, placing the preforms, in a non-sticky state, at about room temperature, into molds and

using RF heating to heat the preforms causing them to conform to the mold cavity."

You saw that letter; is that correct, sir?

A. Yes, sir.

Q. You knew exactly what Mr. Lammy was referring to, didn't you?

A. I knew what some of those items were, yes.

Q. What did you think he was referring to?

A. The FoamAid process of RF heating.

Q. Was there anything in his description of the process that you disagreed with?

A. Yes.

Q. What?

A. That the process of which he talked about, the fact of cutting the preforms from partially crosslinked polyethylene foam, that was the whole RF process, and

* * *

[p. 127] did not know.

Q. And my question was, it was the one that was provided a couple of years ago, so that would have been in 1992. This deposition was taken in 1994.

A. That was an error on my part.

Q. Regardless of when you had the '037 patent, you did know about the process prior to filing your patent application.

A. I knew about the FoamAid process, yes.

Q. But never disclosed it to the Patent and Trademark Office?

A. No.

Q. One last reference, if you could look at the December 1994 transcript, at page 112; do you have that page?

A. Yes, I do.

Q. Beginning at line 11, "Earlier in this lawsuit your attorney prepared – provided us with a document which they numbered as document 000281." Which is Marc '037 patent. And I asked you, "Do recognize this item?"

And your answer was, "Yes."

My question was: "What's that?"

Your answer was: "That's the patent for the RF sealing that was given to us, right."

Question: "The one you had a few years [p. 128] ago?"

Answer: "Yes. Or whatever this document of Purdue's letter for Lammy, whenever that was, yes."

A. Yes.

Q. Do you recall so testifying?

A. Yes. There, again, the same reference to the two years ago was a miss on my part, the wrong time. I didn't accurately state that.

MR. WHEAT: No further questions, Your Honor.

REDIRECT EXAMINATION OF DONALD NELSON

BY MR. KERGER:

Q. Mr. Nelson, irrespective of deposition testimony, are you telling Judge Katz today that you didn't have the '037 patent in your mind, or any information given to you, until September of some year after this lawsuit started?

A. Yes.

MR. WHEAT: And for the record, we'd like to object to this. This is an attempt to recant clear judicial admission.

MR. KERGER: There may be many things.

THE COURT: That's the whole reason

* * *

[p. 131] represented a FoamAid customer. "Specifically, more than one year before the '824 application was filed, FoamAid took orders, and filled some of them, for athletic pads which were produced by cutting preforms from partially crosslinked polyethylene foam, placing the preforms, in a nonsticky state, i.e., at about room temperature, using RF heating to heat the preforms causing them to conform to the mold cavity."

That's the process you discussed with Mr. Rywalski before filing the first patent application; is that correct?

MR. KERGER: I object. He's gone into that –

A. No.

MR. KERGER: – almost exact question.

A. No.

Q. Let me refer –

A. This is not true, in this statement here. I never sold a football body pad with this process to Bike Athletic.

Q. Let me refer you to the December 1994 deposition at page 158 where my question for you was: "You knew what Mr. Lammy's attorney was referring to, didn't you?"

[p. 132] Answer: "Yes. Because we – Mr. Lammy and Mr. Rywalski, the attorney and I discussed what – the RF process prior to our filing the '824 application. It isn't that Mr. Lammy learned about this right here. Mr. Lammy knew about it before, and we discussed that."

A. Yes. That was a FoamAid process. It does not say the '037 Marc patent.

Q. A few lines down, line 13, the question was: "But there was no question in your mind what Mr. Lammy's attorney was referring to in this letter, was there?"

Answer: "I – no question other than I did not know about, if that was the case, right."

Question: "Now, you knew he was referring to the Marc process that FoamAid had experimented with."

Answer: "Yes."

A. Correct, which I have learned that the Marc process predates what we're referring to. It was before this deposition, and when you referred to it as the Marc process, then I knew that that was the Marc process.

THE COURT: Thank you very much. You may step down.

MR. KERGER: Your Honor, we have no further witnesses.

THE COURT: Anything further for the plaintiff – from the defendant? I'm sorry.

* * *

Exhibit 12

Dialog level 30.09.20A
Last logoff: 10nov92 17:43:17
Logon file001 11nov92 10:55:51
COPR. (c) DIALOG INFORMATION SERVICES, INC. ALL RIGHTS RESERVED.
NO CLAIM TO ORIG. U.S. GOVT. WORKS.

***Preformatted patent REPORTs are now available for Files 350, 351

Check BEGIN HEADLINES for the latest election news

New: WICHITA EAGLE (PAPERS) (File 723)
New: LEXINGTON HERALD-LEADER (PAPERS) (File 721)

>>> Enter BEGIN HOMEBASE for <<<
>>> Dialog Announcements <<<
>>> of new databases, price <<<
>>> changes, etc. <<<
>>> Announcements last updated 01nov92 <<<

Please enter SUBACCOUNT name/number:
? ohio cellular/91 P 318 (wgb)
Is OHIO CELLULAR/91 P 318 (WGB) the SUBACCOUNT you want to use? (Y/N)
? y
Subaccount is set to OHIO CELLULAR/91 P 318 (WGB).
* * * * * *

File 1:ERIC 66-92/NOV

Set Items Description

Terminal set to DLINK
Lines per Page set to 21.
? b 125,340
11nov92 10:57:01 User111587 Session A1152.1
Sub account: OHIO CELLULAR/91 P 318 (WGB)

$1.19 0.033 Hrs File1
$1.19 Estimated cost File1
$0.36 DIALNET
$1.55 Estimated cost this search
$1.55 Estimated total session cost 0.033 Hrs.

SYSTEM: OS - DIALOG OneSearch
File 125:CLAIMS/U.S. PATENT ABS WEEKLY PN 5142702-5159714
SEP 03 92-OCT 31 92
**FILE125: All CLAIMS and ALL FRONT PAGE information available
For file information, type ?NEWS125
File 340:CLAIMS/U.S. PATENT ABS PN 2492948-5140707
1950-AUG 92
**FILE340: ALL CLAIMS and ALL FRONT PAGE information available from PN 4308622 (1982-present). For file information, type ?NEWS340

Set Items Description

? e pa=clint

Ref	Items	Index-term
E1	1	PA=CLINOVA
E2	1	PA=CLINOVA MEDICAL AB SE
E3	6	*PA=CLINT
E4	5	PA=CLINT INC
E5	14	PA=CLINTEC
E6	14	PA=CLINTEC NUTRITION CO
E7	1	PA=CLINTEX
E8	1	PA=CLINTEX CORP
E9	58	PA=CLINTON
E10	1	PA=CLINTON A BURROWS JR
E11	1	PA=CLINTON A NESSETH
E12	1	PA=CLINTON A WINSLOW

Enter P or PAGE for more

? s e3:e4
S1 6 PA="CLINT": PA="CLINT INC"
? T 1/22/ALL

1/22/1 (Item 1 from file: 340)
2203953

United States Patent Patent Number: US 5068983
Date of Patent: 911203

SHOE INSOLE

Inventor(s): Marc, Michel, Wellesley, MA, (US)
Assignee: Clint, Inc, Natick, MA
Appl. No.: US 621630
Filed: 901203

Related U.S. Application Data

Continuation of(Ser*,Date,Pat#):

US 340751	890410	ABANDONED
US 512039	900413	ABANDONED

Priority Applic(Ser#,Date):

US 621630	901203
US 340751	890410
US 512039	900413

Int. Cl. ... A43B-013/41; A43B-013/40
U.S. Cl. .. 036044000; 036043000; 036071000
Field of
Search .. 036043000; 036044000; 036071000; 128586000; 128614000; 128619000

References Cited

U.S. PATENT DOCUMENTS

Patent Number	Date YYYYMM	Class	Inventor
US 4408402	198310	036044000	Looney
US 4435910	198403	036044000	Marc
US 4510700	198504	036044000	Brown
US 4513518	198504	036043000	Jalbert et al.
US 4580356	198604	036043000	David
US 4633598	198701	036044000	Moronaga et al.
US 4642912	198702	036044000	Wildman et al.
US 4674204	198706	036044000	Sullivan et al.
US 4694589	198709	036044000	Sullivan et al.
US 4782605	198811	036044000	Chapnick
US 4793078	198812	036044000	Andrews
US 4808469	198902	036044000	Hiles
US 4823420	198904	036044000	Bartneck
US 4823483	198904	036044000	Chapnick
US 4962593	199010	036044000	Brown

Primary Examiner – Meyers, Steven N
Attorney, Agent or Firm – Wolf, Greenfield & Sacks

016 Claims, 6 Drawing Figures, 3 Drawing Sheets

1/22/2 (Item 2 from file: 340)
1965364

United States Patent Patent Number: US 4851167
Date of Patent: 890725

MOLDING PROCESS AND APPARATUS; FLEXIBLE DIAPHRAGM BALANCED PRESSURE RELEASE

Inventor(s): Marc, Michel, Wellesley, MA, (US)
Assignee: Clint, Inc, Natick, MA
Appl. No.: US 95862
Filed: 870914

Related U.S. Application Data

Priority Applic(Ser#,Date): US 95862 870914
Int. Cl. B29C-067/22; B29C-035/12; B29C-039/42; CO8J-009/06
U.S. Cl. 264026000; 264040500; 264045200; 264054000; 264101000; 264314000; 425149000; 425388000; 425389000; 425817000R
Field of Search .. 264025000; 264026000; 264040500; 264045200; 264054000; 264101000; 264313000; 264314000; 425149000; 425388000; 425389000; 425817000R

References Cited

U.S. PATENT DOCUMENTS

Patent Number	Date YYYYMM	Class	Inventor
US 1146413	191507	264314000X	Edison
US 2363107	194411	264314000X	Young
US 2838796	195806	264314000X	Reed
US 2907074	195910	264314000X	Rhodes
US 2929109	196003	264314000X	Cresap
US 2937401	196005	264314000X	Amos
US 2979246	196104	264054000X	Liebeskind
US 3389198	196806	264054000X	Taber
US 3455483	196907	264054000X	Inklaar
US 3470119	196909	264054000X	Benning et al.
US 3530208	197009	264045200	Rausing
US 3535740	197010	264314000X	Frowde
US 3614811	197110	364314000X	Johnson
US 3664799	197205	264314000X	Wallick, Jr. et al.
US 3766669	197310	264026000X	Pearsall
US 3937774	197602	264026000	Wiley et al.
US 4110139	197808	264026000X	Mashida et al.
US 4268238	198105	264026000X	Marc

US 4296053	198110	264026000	Doerer et al.
US 4353855	198210	264314000X	Garabedian
US 4441876	198404	264026000X	Marc
US 4680150	198707	264026000	Matsuda

FOREIGN PATENT DOCUMENTS

Patent Number	Date YYYYMM	Class
FR 1153159	195803	264026000
GB 2065022A	198106	264314000
JP 57151320	198209	264045200

Primary Examiner – Anderson, Philip
Attorney, Agent or Firm – Wolf, Greenfield & Sacks

026 Claims, 3 Drawing Figures, 1 Drawing Sheets

1/22/3 (Item 3 from file: 340)
1326057

United States Patent — Patent Number: US 4268238
Date of Patent: 810519

FLOW MOLDING

Inventor(s): MARC MICHEL, (US)
Assignee: CLINT INC
Appl. No.: US 88776
Filed: 791029

Related U.S. Application Data

Cont-in-part of(Ser#;Date,Pat#);

US 853127	771121	ABANDONED
US 886055	780313	ABANDONED

Priority Applic(Ser#,Date):
US 88776 791029
US 853127 771121
US 886055 780313

Int. Cl. B29H-005/26;
U.S. Cl. 425174800E; 264025000; 264026000; 425174000; 425174800R

1/22/4 (Item 4 from file: 340)
1245916

United States Patent Patent Number: US 4193324
Date of Patent: 800318

BICYCLE SPROCKET DRIVE APPARATUS WITH ELLIPTICAL PEDAL PATH

Inventor(s): MARC MICHEL, (US)
Assignee: CLINT INC
Appl. No.: US 864278
Filed: 771227

Related U.S. Application Data

Priority Applic(Ser#,Date): US 864278 771227

Int. Cl. F16H-001/28; B62M-001/02; B62M-003/06
U.S. Cl. 475349000; 074437000; 074594200; 280260000; 474141000; 475331000

1/22/5 (Item 5 from file: 340)
1204820

United States Patent Patent Number: US 4153254
Date of Patent: 790508

PUZZLE

Inventor(s): MARC MICHEL, (US)
Assignee: CLINT INC
Appl. No.: US 826356
Filed: 770822

Related U.S. Application Data

Priority Applic(Ser#,Date): US 826356 770822

Int. Cl. A63F-009/12;
U.S. Cl. 273160000; 035072000

1/22/6 (Item 6 from file: 340)
0726276

United States Patent Patent Number: US 3678151
Date of Patent: 720718

BIOLOGICAL STAINING METHOD

Inventor(s): HORONICK ANDREW, (N/A); MUNSCHY ANDRE V, (N/A)
Assignee: GUGOL-CLINT-TEX, INC.
Appl. No.: US 845089
Filed: 690725

Related U.S. Application Data

Cont-in-part of(Ser#;Date,Pat#):

US 562487	660705	ABANDONED

Priority Applic(Ser#,Date):

US 845089	690725
US 562487	660705

Int. Cl. G01N-001/30; G01N-033/16
U.S. Cl. 424003000; 435029000; 435808000; 436169000

? cost

11nov92 10:58:47 U. 111587 Session A1152.2
Sub account: OHIO CELLULAR/91 P 318 (WGB)
$0.00 0.000 Hrs File125
$0.00 Estimated cost File125
$4.80 0.032 Hrs File340
$1.20 2 Type(s) in Format 22
$1.20 4 Type(s) in Format 32
$2.40 6 Types
$7.20 Estimated cost File340
OneSearch, 2 files, 0.033 Hrs FileOS
$0.36 DIALNET
$7.56 Estimated cost this search
$9.11 Estimated total session cost 0.066 Hrs.

Exhibit 13

3:94 CV 7251

Attorney Docket No. 91P318

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

PATENT APPLICATION OF:	)
DONALD E. NELSON and JAMES E. LAMMY, SR.	) Group Art Unit 1307
SERIAL NO. 07/790,222	)
FILED: NOVEMBER 8, 1991	) Examiner James Lowe
FOR: METHOD OF FORMING A CROSS LINKED FOAMED POLYOLEFIN ARTICLE (AS AMENDED)	)

DECLARATION UNDER 37 C.F.R. §1.47(a)

In support of my petition to proceed on behalf of myself and an omitted joint inventor, Mr. James E. Lammy, Sr., I, Donald E. Nelson, state:

1. Mr. Lammy and I have assigned all of our rights in this patent application to Ohio Cellular Products Corporation (of which I am the President), and the Assignment includes an obligation to "execute any and all supplemental oaths . . . should the same be proper and necessary" (See Assignment at Exhibit A).

2. Accordingly, I have asked Mr. Lammy to cooperate in the prosecution of this application by executing a Supplemental Declaration.

3. On the advice of his attorney (see letter at Exhibit B), Mr. Lammy has refused to sign the Supplemental Declaration on the ground that Mr. Lammy now believes he is not a first and joint inventor of the method claimed by this application. In this regard, Mr. Lammy has alleged that, prior to the date of this application, a company called FoamAid filled some orders for athletic pads which were produced by cutting preforms from partially cross-linked polyethylene foam, placing the preforms, in a non-sticky state, *i.e.*, at about room temperature, into molds and then using radio frequency heating to heat the preforms so that the preforms conform to the mold cavity.

4. I believe that the FoamAid process might have been the subject of a U.S. patent or patents, and upon further investigation I have identified three U.S. Patents, Nos. 4,268,238, 4,441,876 and 4,851,167 (Exhibits C, D and E, respectively), as possibly pertaining to the alleged FoamAid process. Beyond identifying these three patents, however, I have been unable to ascertain any more information concerning the process allegedly used by FoamAid than that recently disclosed to me by Mr. Lammy and his attorney (see Exhibit B).

5. I submit, however, that the alleged FoamAid process is impertinent to the patentability of the claims pending in the present application because, even if the FoamAid process could somehow be shown to qualify as prior art here, the heating step of the claimed process comprises *thermoforming* preforms to

conform them to the shape of a closed mold cavity, in contrast to the *radio frequency heating* in the FoamAid process as described by Mr. Lammy and his attorney, and as described in U.S. Patent No. 4,851,167 (Exhibit E) to the extent it pertains to the alleged FoamAid process.

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.

/s/ Donald E. Nelson
Donald E. Nelson
Applicant

Attachment B To Exhibit 13

PURDUE LAW OFFICES
SUITE B-2
2735 NORTH HOLLAND-SYLVANIA ROAD
TOLEDO, OHIO 43615-1844
TELEPHONE (419) 531-0699
FAX (419) 531-0362

JOHN C. PURDUE

DAVID C. PURDUE

October 6, 1992

Mr. James E. Lammy, President
Scott Port-a-fold Inc.
100 Taylor Parkway
Archbold, OH 43502

Dear Jim:

As you requested, I have reviewed a "Supplemental Declaration" and a preliminary amendment to which it refers. These papers were given to you by Don Nelson who asked you to sign the declaration. The papers concern US application Serial No. 790,222 ('222) which was filed November 8, 1991, apparently as a continuation of application Serial No. 541,588. The latter application was filed June 21, 1990 as a division of application Serial No. 180,824 ('824) which was filed April 12, 1988. The latter application, filed by you and Don Nelson, matured on December 25, 1990 as patent No. 4,980,110.

At the time the '222 application was filed, a preliminary amendment was filed which deleted all reference to room temperature; I believe that the amendment was deemed by the Examiner to constitute new matter, necessitating the filing of a declaration by the inventors. We

have discussed your concerns about signing a document which recites that "I believe that I am one of the original, first and joint inventors of the subject matter which is claimed and for which a patent is sought . . . " in view of what you have learned from a former salesman at FoamAid as well as from someone who represented a FoamAid customer. Specifically, more than one year before the '824 application was filed, FoamAid took orders (and filled some of them) for athletic pads which were produced by cutting preforms from partially cross-linked polyethylene foam, placing the preforms, in a non-sticky state, i.e., at about room temperature, into molds and using r.f. heating to heat the preforms causing them to conform to the mold cavity. The details of the FoamAid method were disclosed outside the company without restrictions on its use, for example, to the representative of the FoamAid customer. Accordingly, the FoamAid process described above is prior art to the pending application and its predecessors.

The preliminary amendment which was filed November 8, 1991, presented new claims 34 through 56. New claim 44, reproduced below, is representative of the new claims:

> 44. A method for forming a foamed moldable polyolefin into an article in a mold having partible mold portions, said mold, when in a closed position, defining an article forming cavity and having a peripheral parting surface, the method comprising the steps of: cutting stock of said polyolefin into a preform; positioning said preform into said mold so that, upon closing said mold and heating same, said mold cavity is filled with said preform but said preform does

not laterally extend into said peripheral parting surface; and closing said mold and heating said closed mold containing said preform for a sufficient period of time for said preform to conform to the adjacent mold cavity.

In view of the facts recited above, you are not, in my opinion, an original, first and joint inventor of the method which is claimed in US Patent No. 4,980,110 or the method presently claimed in the '222 application. Accordingly, I advise you to not sign the supplemental declaration for the '222 application. I am aware that you executed an assignment of the '824 application in favor of Ohio Cellular and agreed therein "to execute any and all supplemental oaths . . . should the same be proper and necessary . . . " Your obligations under this provision do not extend so far as requiring you to execute a supplemental paper which states that you believe that you are the first inventor when, in fact, you do not believe that to be true.

I am sending a copy of this letter to Mr. Fieseler so that he is aware of my advice to you as well as the bases for my advice. I do not know whether this will necessarily conclude the matter. For example, BSN may proceed without your signature under 37 CFR §1.47. A copy of this section is enclosed. In that event, Don Nelson, as a former FoamAid salesman, and Mr. Fieseler, as a recipient

of a copy of this letter, are both obliged to disclose this information to the Patent and Trademark Office.

Sincerely yours,

/s/ David C. Purdue
David C. Purdue

Enclosures

c: Robert Fieseler, Esq., Certified Mail, Return Receipt Requested.

Exhibit 14

ATTACHMENT TO THE *NOTICE OF ALLOWABILITY*

1. Claims 34-56 are allowed.

2. The terminal disclaimer filed on November 23, 1992 disclaiming the terminal portion of any patent granted on this application which would extend beyond the expiration date of US patent 4,980,110 has been reviewed and is accepted. The terminal disclaimer has been recorded.

3. There is an allegation in connection with the Declaration filed under 37 CFR §1.47(a) of prior public use or sale more than one year before the filing of the grandparrent [sic] of this application. A letter submitted as Exhibit B sets forth a process which is alleged to be the process instantly claimed. No direct evidence is submitted to support this allegation. Mr. Lammy's attorney writes that Mr. Lammy learned of this alleged prior use process from a former salesman and and [sic] a customer. The letter also indicates that Mr. Nelson was a former salesman for the company in question. Mr. Nelson in his declaration states that other than the three patents that he has submitted for the file, he has not been able to obtain any other information about the process. The alleged process is stated to use RF heating and the three patents do not mention the use of foamed, crosslinked polyethylenes in the claimed processes. Also there is no teaching of how to avoid flash or of how to form a smooth edge at the mold parting line. In view of the differences pointed out above and the lack of any supporting evidence or information concerning the alleged process, the Examiner finds that *a prima facie* case of public use has not been established.

4. The following is an Examiner's Statement of Reasons for Allowance: a principal reason for the allowance of these claims is the lack of any teaching or suggestion to mold foamed, cross-linked polyolefin articles that are free of flash at the mold parting line, by positioning a foamed and cross-linked polyolefin in the mold cavity of a mold having partible mold halves, while in a non-tacky state, and heating the mold until the polyolefin conforms to the shape of the mold.

5. Any comments considered necessary by applicant must be submitted no later than the payment of the Issue Fee and, to avoid processing delays, should preferably **accompany** the Issue Fee. Such submissions should be clearly labeled "Comments on Statement of Reasons for Allowance."

6. Any inquiry concerning this communication or earlier communications from the examiner should be directed to James B. Lowe whose telephone number is (703) 308-3834.

7. Any inquiry of a general nature or relating to the status of this application should be directed to the Group receptionist whose telephone number is (703) 308-0651.

/s/ James B. Lowe
JAMES LOWE
PRIMARY EXAMINER
Art Unit 1307

jbl
7/15/93

DEFENDANT'S EXHIBIT 28

Law Offices

McANDREWS, HELD & MALLOY, LTD.

NORTHWESTERN ATRIUM CENTER
34th FLOOR
500 WEST MADISON STREET
CHICAGO, ILLINOIS 60661
TELEPHONE: (312) 707-8889
TELECOPIER: (312) 707-9155
TELEX: 650 388-1248

[Names Omitted In Printing]

November 12, 1992

VIA FEDERAL EXPRESS

Donald E. Nelson
President
Ohio Cellular Products Corporation
9610 County Road 14
Wauseon, Ohio 43567

Re: U.S. Patent Application Ser. No. 07/790,222
METHOD OF FORMING A CROSS LINKED FOAMED POLYOLEFIN ARTICLE
Donald E. Nelson and James E. Lammy, Sr.
Our file No. 91P318

Dear Don:

Further to Pat Arnold's letter to you of November 10, 1992, enclosed for your review and signature is a replacement Declaration Under 37 C.F.R. §1.47(a). Please discard the earlier version of the Declaration Under 37 C.F.R.

§1.47(a) transmitted as item (4) with Pat Arnold's November 10 letter, but retain the Terminal Disclaimer, Supplemental Declaration, and Petition To Proceed On Behalf Of An Omitted Inventor transmitted as items (1), (2) and (3) with Pat's letter.

As you can see, the replacement Declaration differs from the November 10 version in that paragraphs (4) and (5) refer to three patents we have identified that might possibly pertain to the alleged FoamAid process. The three patents were identified in a search we performed using the information you provided to use regarding Michel Marc and Clint, Inc. The three patents are attached to the replacement Declaration as Exhibits C-E, in addition to the Assignment from Lammy to OCP (Exhibit A) and letter from Lammy's attorney (Exhibit B).

As explained in Pat's earlier letter, the absolute deadline for filing these documents is *November 20, 1992*. In that regard, if you are now satisfied with the contents of replacement Declaration and the documents listed as items (1), (2) and (3) in Pat's November 10 letter, please sign them and then forward them to us as soon as possible, preferably by overnight delivery.

Please call me or Pat Arnold if you have any questions about the enclosed replacement Declaration or any of the other documents enclosed with Pat's November 10 letter.

Very truly yours,

/s/ Bob Fieseler
Robert W. Fieseler

PJA/dp
Enclosures
cc: Patrick J. Arnold Jr., Esq.

United States Court of Appeals
for the Federal Circuit

ORDER

A combined petition for rehearing and suggestion for rehearing in banc having been filed by the APPELLANT, DONALD E. NELSON, and the petition for rehearing having been referred to the panel that heard the appeal, and thereafter the suggestion for rehearing in banc having been referred to the circuit judges who are in regular active service.

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the suggestion for rehearing in banc be, and the same hereby is, DECLINED.

The mandate of the court will issue on June 10, 1999.

FOR THE COURT,

/s/ Jan Horbaly
Clerk

Dated: June 3, 1999

cc: ERNEST R. BAZZANA
JACK A. WHEAT

OHIO CELLULAR V ADAMS USA, 98-1448
(DCT – 94-CV-7251)

* Note: Pursuant to Fed. Cir. R. 47.6, this order is not citable as precedent. It is a public record.

Jan 13 2000

(4)

Supreme Court, U.S.
FILED
JAN 13 2000
OFFICE OF THE CLERK

No. 99-502

In The

Supreme Court of the United States

DONALD E. NELSON,

Petitioner,

v.

ADAMS USA, INC. and
APEHEAD MANUFACTURING, INC.,

Respondents.

On Writ Of Certiorari
To The United States Court Of Appeals
For The Federal Circuit

BRIEF OF PETITIONER

DEBRA J. DIXON
(Counsel of Record)
JAMES L. DEESE
DEBRA J. DIXON & ASSOCIATES
700 West St. Clair Avenue
Suite 216
Cleveland, Ohio 44113
(216) 621-9100

Attorneys for Petitioner

COCKLE LAW BRIEF PRINTING CO., (800) 225-6964
OR CALL COLLECT (402) 342-2831

590

QUESTIONS PRESENTED

Whether a non-party shareholder/officer of a corporate party is liable for an award of attorneys' fees pursuant to a statute (35 U.S.C. § 285) that authorizes an award of attorney fees to the "prevailing party."

Whether a United States District Court can bind a non-party to a judgment without first obtaining jurisdiction over that non-party and affording that non-party the opportunity to defend against his personal liability on the merits

Whether a United States District Court, consistent with the Federal Rules of Civil Procedure and the due process clause of the Fifth Amendment to the United States Constitution, can assess attorneys' fees against a non-party pursuant to 35 U.S.C. § 285 without first securing service of process upon, and jurisdiction over, that non-party.

PARTIES

In addition to the parties listed in the caption, the following were parties to the proceedings below:

Ohio Cellular Products Corporation; and

All American Sports Corporation.

Ohio Cellular Products Corporation does not presently have a parent corporation that owns more than 10% of its shares of stock. All American Sports Corporation is owned, in its entirety, by Riddell Sports, Inc., a publicly held corporation.

TABLE OF CONTENTS

Page

QUESTIONS PRESENTED i

PARTIES ii

TABLE OF AUTHORITIES v

CITATIONS TO OPINIONS RENDERED IN THIS CASE 1

JURISDICTION 1

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED 1

STATEMENT OF THE CASE 2

A. Introduction 2

B. History of the Patents in Suit 3

C. Proceedings Before the District Court 13

D. Appeal to the Federal Circuit Court of Appeals .. 20

SUMMARY OF ARGUMENT 23

ARGUMENT 24

I. ONLY THE PARTY LEGALLY RESPONSIBLE FOR RELIEF ON THE MERITS IS LIABLE TO PAY AN AWARD OF ATTORNEYS' FEES UNDER 35 U.S.C. § 285 24

II. BY RENDERING JUDGMENT AGAINST PETITIONER WITHOUT NOTICE AND WITHOUT AFFORDING HIM THE OPPORTUNITY TO DEFEND AGAINST HIS LIABILITY ON THE MERITS, THE DISTRICT COURT DEPRIVED PETITIONER OF THE RIGHTS SECURED TO HIM BY THE FIFTH AMENDMENT TO THE UNITED STATES CONSTITUTION 33

TABLE OF CONTENTS – Continued

Page

III. BEFORE ENTERING JUDGMENT AGAINST AN INDIVIDUAL, A DISTRICT COURT MUST HAVE JURISDICTION OVER THAT INDIVIDUAL'S PERSON EITHER BY (1) VALID SERVICE OF PROCESS OR (2) WAIVER OF PERSONAL JURISDICTION BY THE INDIVIDUAL'S FAILURE TO INCLUDE THE LACK OF PERSONAL JURISDICTION AS A DEFENSE IN A RESPONSIVE PLEADING OR MOTION REQUIRED BY FED. R. CIV. P. 12 43

CONCLUSION 50

TABLE OF AUTHORITIES

Page

CASES

Alyeska Pipeline Co. v. Wilderness Society, 421 U.S. 240 (1975) 26, 31

Association for Retarded Citizens of Connecticut, Inc. v. Thorne, 68 F.3d 547 (2d Cir. 1995) 30, 31

Badalamenti v. Dunham's Inc., 896 F.2d 1359 (Fed. Cir. 1990), *cert. den.*, 498 U.S. 851 3

Combs v. Nick Garin Trucking, 825 F.2d 437 (D.C. Cir. 1987) 44, 45

Consolidated Aluminum Corp. v. Foseco International Ltd., 910 F.2d 804 (Fed. Cir. 1990) 31

Farrar v. Hobby, 506 U.S. 103 (1992) 23, 30, 32

Fromson v. Citiplate, Inc., 886 F.2d 1300 (Fed. Cir. 1989) 40, 41, 42

Fuentes v. Shevin, 407 U.S. 67 (1972) 34

Golden v. Cox Furniture Manufacturing Co., Inc., 683 F.2d 115 (4th Cir. 1982) 44

Hansberry v. Lee, 311 U.S. 32 (1940) 23, 38, 43, 44

Hewitt v. Helms, 482 U.S. 755 (1987) 28, 32

Insurance Corp. v. Compagnie Des Bauxites, 456 U.S. 694 (1982) 44

Kentucky v. Graham, 473 U.S. 159 (1985) 27, 32

Martin v. Wilks, 490 U.S. 755 (1989) 37, 38, 39

McDonald v. Mabee, 243 U.S. 90 (1917) 24, 47

Mid-Continent Wood Products, Inc. v. Harris, 936 F.2d 297 (1991) 45

TABLE OF AUTHORITIES – Continued

Page

Mississippi Publishing Corp. v. Murphree, 326 U.S. 438 (1946) 46

Montana v. United States, 440 U.S. 147 (1979) 34

Mullane v. Central Hanover Bank & Trust Co., 339 U.S. 306 (1950) 34, 39, 40

O'Brien v. R.J. O'Brien & Associates, Inc., 998 F.2d 1394 (7th Cir. 1993) 45

Ohio Cellular Products Corp. v. Adams USA, Inc., 175 F.3d 1343, 50 U.S.P.Q. 2d 1481 (Fed. Cir. 1999), *cert. granted*, ___ U.S. ___ (1999) 1

Ohio Cellular Products v. Adams USA, Inc., 104 F.3d 376, 41 U.S.P.Q. 2d 1538 (Fed. Cir. 1996) 1

Omni Capital International v. Rudolf Wolff & Co., 484 U.S. 97 (1987) 24, 46

Orange Theatre Corp. v. Rayherstz Amusement Corp., 139 F.2d 871 (3rd Cir. 1944), *cert. den. sub nom.*, *Orange Theatre Group v. Brandt*, 322 U.S. 740 (1944) 46, 47, 48, 49

Orthokinetics, Inc. v. Safety Travel Chairs, Inc., 806 F.2d 1565 (Fed. Cir. 1986) 32, 33

Pacific Lanes, Inc. v. Bowling Proprietors Association of America, Inc., 248 F. Supp. 347 (D. Or. 1965) 49

Pennoyer v. Neff, 95 U.S. 714 (1878) 43, 46

Pila v. G.R. Leasing and Rental Corp., 551 F.2d 941 (1st Cir. 1977) 45

Printed Media Services v. Solna Web, Inc., 11 F.3d 838 (9th Cir. 1993) 49

Radio Steel & Manufacturing Co. v. MTD Products, Inc., 731 F.2d 840 (Fed. Cir. 1984) 31

TABLE OF AUTHORITIES – Continued

Page

Richards v. Jefferson County, Alabama, 317 U.S. 793 (1996) 37

Silva v. Madison, 69 F.3d 1368 (7th Cir. 1995) 45, 49

Texas Teachers Association v. Garland School District, 489 U.S. 782 (1989) 23, 29, 32

Union Carbide Corp. v. Graver Tank & Manufacturing Co., 345 F.2d 409 (7th Cir. 1965) 31

Vanderbilt v. Vanderbilt, 354 U.S. 416 (1957) 46

Way v. Mueller Brass Co., 840 F.2d 303 (5th Cir. 1988) 45

Zenith Corp. v. Hazeltine, 395 U.S. 100 (1969) 23, 35, 36, 37, 43, 46

STATUTES

35 U.S.C. § 102 13

35 U.S.C. § 285 ..... *passim*

42 U.S.C. § 1988 ..... 26, 27, 30, 31

CONSTITUTIONAL PROVISIONS

U.S. Const., Amend. V. 1, 24, 35, 50

COURT RULES

Fed. R. Civ. P. 4 42

Fed. R. Civ. P. 12 ..... 2, 24, 44, 45

Fed. R. Civ. P. 15 ..... 2, 42

Fed. R. Civ. P. 19 ..... 2, 38

TABLE OF AUTHORITIES – Continued

Page

Fed. R. Civ. P. 59 ..... 2, 17

Fed. R. Civ. P. 60 40

Fed. R. Evid. 408 18

CODE OF FEDERAL REGULATIONS

37 C.F.R. § 1.104(a) 11

37 C.F.R. § 1.47(a) ..... *passim*

CITATIONS TO OPINIONS RENDERED IN THIS CASE

The opinion of the Federal Circuit Court of Appeals, whose judgment petitioner seeks to review, is reprinted in the Appendix to his Petition for Writ of Certiorari at pp. 17-31 and is reported at 175 F.3d 1343 and 50 U.S.P.Q. 2d 1481. A previous opinion of the Federal Circuit Court of Appeals in this case is reported at 104 F.3d 376 and at 41 U.S.P.Q. 2d 1538. The decisions of the United States District Court for the Northern District of Ohio (Western Division) that are at issue on this appeal are reprinted in the Appendix to the Petition for Writ of Certiorari at pp. 41-81.

JURISDICTION

The judgment of the Federal Circuit Court of Appeals was entered on April 26, 1999. On June 3, 1999, the court of appeals denied petitioner's request for rehearing. Petitioner invokes the jurisdiction of this Court pursuant to 28 U.S.C. § 1245(1). The Petition for Writ of Certiorari was postmarked on August 31, 1999 and filed with the Court on September 2, 1999. On November 29, 1999 this Court granted the Petition.

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

This case involves the second to last clause of the Fifth Amendment to the United States Constitution, which provides:

> No person shall be * * * deprived of life, liberty or property without due process of law * * * .

This case also involves interpretation and application of 35 U.S.C. § 285, which provides:

> The court in exceptional cases may award reasonable attorney fees to the prevailing party.

Finally, this case involves interpretation and application of the following Federal Rules of Civil Procedure:

> *Rule 12(a)(1)*: Unless a different time is prescribed in a statute of the United States, a defendant shall serve an answer * * * within 20 days after being served with the summons and complaint * * * .
>
> *Rule 12(h)*: A defense of lack of jurisdiction over the person * * * is waived (A) if omitted from a motion in the circumstances described in subdivision (g), or (B) if it is neither made by motion under this rule nor included in a responsive pleading or an amendment thereof permitted by Rule 15(a) to be made as a matter of course.
>
> *Rule 15(a)*: A party may amend the party's pleading once as a matter of course at any time before a responsive pleading is served or, if the pleading is one to which no responsive pleading is permitted and the action has not been placed upon the trial calendar, the party may so amend it at any time within 20 days after it is served. Otherwise a party may amend the party's pleading only by leave of court or by written consent of the adverse party; and leave shall be freely given when justice so requires.
>
> *Rule 59(e)*: Any motion to alter or amend a judgment shall be filed no later than 10 days after entry of the judgment.

STATEMENT OF THE CASE

A. Introduction.

Congress, by enacting 35 U.S.C. § 285, has provided for the award of attorneys' fees in patent infringement lawsuits where there are "exceptional circumstances." Its purpose in enacting the legislation was to permit the

recovery of fees where it otherwise would be grossly unjust that the winner in a patent infringement lawsuit be left to bear the burden of his own counsel. *Badalamenti v. Dunham's Inc.*, 896 F.2d 1359 (Fed. Cir. 1990), *cert. den.*, 498 U.S. 851. In the instant case, the United States District Court for the Northern District of Ohio created the very injustice that Congress sought to prevent when it extended the reach of the Congressional authorization for recovery of attorneys' fees in patent infringement litigation to include, not only the parties to the litigation, but also non-parties. It did so by rendering judgment for $178,888.51 in attorneys' fees against petitioner, a non-party, in favor of respondents who had been the "winners" in a patent infringement lawsuit against another company, Ohio Cellular Products Corporation. This appeal arises out of that judgment.

B. History of the Patents in Suit.

Petitioner, Donald Nelson, and his former business partner, James Lammy, were the inventors of a method for manufacturing cross-linked foamed polyolefin padding used primarily in athletic equipment such as football helmets. The process involved placing a pre-cut piece of polyolefin foam in a mold, heating the mold until the foam conformed to the shape of the mold, cooling the mold then removing the finished product from the mold. Joint Appendix ("J.A.") at 45. In 1988 petitioner and Lammy applied to the United States Patent and Trademark Office ("PTO") for a patent on the process. While their patent application was pending, petitioner purchased Lammy's share of the business, which he then later sold to BSN Corporation. Transcript of the May 6, 1997 Proceedings Before the United States District Court for the Northern District of Ohio (hereinafter referred to as "Tr.") at 93. Petitioner, however, remained as president

of Ohio Cellular and continued to be in charge of its day-to-day operations. After the sale of Ohio Cellular Products to BSN, BSN's patent counsel, Robert Fieseler of Chicago Illinois, assumed responsibility for prosecution of petitioner and Lammy's patent application, which the PTO ultimately issued as United States Patent No. 4,980,110 (the "110 Patent"). Tr. at 94; J.A. at 45-67.

After issuance of the 110 Patent, petitioner, while attending a trade show, learned that a former Ohio Cellular customer, respondent Adams USA, Inc., was producing a foam product utilizing the same method that was protected by his 110 Patent. Subsequent investigation revealed that, as petitioner suspected, Adams had indeed been using that same method with one, what petitioner believed to be, insignificant difference. Whereas under petitioner's process, the pre-cut foam (or "preform") was to be placed in a mold at room temperature, Adams was adding a step to the process by preheating the preform to a temperature below which it becomes "sticky" or "tacky." *See*, Exhibit A to the Evidentiary Appendix to Ohio Cellular Products Corporation's Memorandum Opposing Motion for Summary Judgment. Once the foam reaches the "sticky-tacky" state, it becomes too difficult for the operator to handle and place into the mold. J.A. at 74. Believing that the preheating was not a legitimate part of Adams' process but rather a pretext by which Adams could distinguish its process from petitioner's patented process, petitioner, upon Fieseler's advice, sought a continuation of the 110 Patent so that he could broaden the claim with respect to the temperature of the preform. Tr. 21, 95. By doing such, petitioner could have the 110 Patent cover the Adams process (which he believed it covered, even without broadening the temperature claim) and thereby afford Ohio Cellular (which, at that point was the owner of the patent) a stronger basis upon which

to sue Adams for infringement. Transcript of the December 19, 1994 Deposition of Donald Nelson (hereinafter referred to as "Nelson dep.") at 144.[1]

Accordingly, Fieseler filed a continuation application with the PTO. However, upon review of the application, the patent examiner, James Lowe, determined that, by broadening his claim with respect to the temperature of the preform, petitioner was inserting new material into the patent. Tr. at 35. Because Examiner Lowe believed that petitioner was inserting new material, he requested from petitioner and Lammy supplemental declarations that they were the first and original inventors of the process described in the continuation application. *Id.*, at 37. Pursuant to Examiner Lowe's request, petitioner submitted a supplemental declaration for his co-inventor, Lammy, to sign. However, Lammy's attorney, David Purdue, in a letter to Lammy dated October 6, 1992, advised Lammy ***not*** to sign the declaration based upon Lammy's recently formed belief that he and petitioner were ***not*** the first inventors. J.A. at 204-07. Lammy's claim that he was not the first inventor was quite unusual and unexpected

---

[1] The transcript of the December 19, 1994 deposition of Donald Nelson was included in the Evidentiary Appendix in Support of Adams USA, Inc.'s Motion for Summary Judgment. However, a close examination of the record reveals that respondents, when appending petitioner's deposition to their evidentiary appendix in support of their motion for summary judgment, failed to include the entire transcript. Accordingly, some of the pages, due to respondents' omission, may be missing from the record. Unfortunately, inasmuch as petitioner was ***not*** a party to the proceedings before the district court, there is nothing that he could do to ensure that a complete evidentiary record was made. Given the omissions in the record, one must wonder how the district court could conceivably have found "inequitable conduct" on petitioner's part, without the benefit of a ***complete*** transcript of his deposition.

in that when he and petitioner had applied for the 110 Patent, he had absolutely no problem executing a declaration that he was the first inventor. Tr. at 90-91; J.A. at 112-13. Unfortunately, the district court, by rendering judgment against petitioner *before* he was made a party, never afforded petitioner the opportunity to explore the reasons behind Lammy's sudden and unexplained change of heart.[2]

Contrary to Lammy's previous declaration to the PTO (when he and petitioner applied for the 110 Patent), Mr. Purdue's letter explained Lammy's present position that more than one year before applying for the 110 Patent, a company, known as "Foam Aid," had used a process for producing athletic pads that involved:

> Placing the preforms, in a non-sticky state, i.e., at about room temperature, into molds and using r.f. [radio frequency] heating to heat the preforms causing them to conform to the mold cavity.

J.A. at. 205.

Purdue further advised that the Foam Aid process was "prior art to the pending [continuation] application, and that in his opinion Lammy and petitioner were not the first and original joint inventors of their patented process." J.A. at 206. For the reasons set forth in Purdue's October 6, 1992 letter, Lammy declined to execute the "first inventor" declaration. [*Id.*]. Accordingly, it was necessary for petitioner to proceed on his own under 37

---

[2] It is petitioner's belief that Lammy's sudden change of heart with respect to his status as original inventor was due to a recent relationship that he had developed with respondents after petitioner had bought out his share of the company.

C.F.R. § 1.47(a).[3] Petitioner had absolutely no problem with proceeding on his own despite the information in Purdue's letter. J.A. at 202-03. As suggested in that letter, petitioner, who previously had worked as an independent manufacturer's representative for Foam Aid in the early to mid 1980's, was the "salesman" who had informed Lammy about the Foam Aid process. It was (and still is) petitioner's position that the Foam Aid process was experimental and represented an entirely different process (due to, in part, its use of radio frequency heating) than the process described in the 110 Patent and the process that he was claiming in his continuation application. Tr. at 114. Nevertheless, despite the fact that the Foam Aid process was something entirely different from petitioner's process, petitioner and his attorney, Fieseler, set out to research what, if any, patents covered it. They conducted this research so that they could not only satisfy their duty to make full disclosure to the PTO but indeed exceed that duty by providing all information

---

[3] 37 C.F.R. § 1.47(a) provides:

> If a joint inventor refuses to join in an application for patent or cannot be found or reached after diligent effort, the application may be made by the other inventor on behalf of himself or herself and the nonsigning inventor. The oath or declaration in such an application must be accompanied by a petition including proof of the pertinent facts, the facts set forth in § 1.17(j) and the last known address of the nonsigning inventor. The Patent and Trademark Office shall, except in a continued prosecution application under § 1.53(d), forward notice of the filing of the application to the nonsigning inventor at said address and publish notice of the filing of the application in the *Official Gazette*. The nonsigning inventor may subsequently join in the application on filing an oath or declaration complying with § 1.63.

concerning the Foam Aid process which, because of its use of radio frequency heating, was not material to petitioner's continuation application. J.A. at 162-65.

Accordingly, as part of his efforts to make full disclosure to the PTO, petitioner gave Fieseler the name of Clint, Inc., the company that he thought might be the owner of the patent on the Foam Aid process. J.A. at 129-31, 165, 172, 210-13. In addition, at some point prior to submitting his 37 C.F.R. § 1.47(a) Declaration to the PTO, petitioner also advised Fieseler that he believed an individual named Michel Marc was the inventor on the patent for the Foam Aid process. J.A. at 129, 172-73. Michael Marc is the president of, and has assigned many of his patents to, Clint, Inc., the company that petitioner believed may have been the owner of the Foam Aid process patent. J.A. at 122, 194-99. Fieseler, based upon the information that petitioner had provided to him, then conducted a patent search that uncovered three Michel Marc patents (two of which had been assigned to Clint, Inc.), and included these three patents as part of the declaration for petitioner to sign under 37 C.F.R. § 1.47(a). J.A. at 164-69. The declaration also included Purdue's October 6, 1992 letter to Lammy and specifically referred to that letter as an explanation of the pre-existing Foam Aid process that petitioner had observed in the 1980's. J.A. at 202-07. Of importance to this case is that Fieseler, in forwarding a draft of the declaration to petitioner, included a cover letter to petitioner, dated November 12, 1992 (J.A. at 210-12), in which he explained what he had done to go beyond his (and petitioner's) duty to make full disclosure to the PTO. J.A. at 166. Fieseler's November 12 letter referred to the three Michel Marc patents attached to the declaration and advised petitioner:

> The three patents were identified in a search we performed using the information you provided to us regarding Michel Marc and Clint, Inc.

J.A. at 211.

Based upon the information that Fieseler provided to petitioner, that patents revealed during a "search" utilizing the "information" "regarding Michel Marc and Clint, Inc.," were being disclosed to the PTO in conjunction with the 37 C.F.R. § 1.47(a) Declaration, petitioner signed the declaration and returned it to Fieseler for filing with the PTO.

Thus, petitioner, in executing the declaration, disclosed: (1) the fact that Lammy did not believe himself and petitioner to be the first inventors; (2) a description of the Foam Aid process as set forth in Purdue's letter; and (3) what petitioner believed had been all patents revealed as a result of a search using information about Michel Marc (the purported inventor of the Foam Aid process). Unfortunately, unbeknownst to petitioner, Fieseler had committed a serious error. In conducting the patent search, he did not use as a search word the name of the inventor, "Michel Marc," but rather used only the name of Marc's company, "Clint, Inc." J.A. at 172-74. Because, for whatever reason, Marc did not assign all of his patents to Clint, Inc., one of those patents, United States Patent No. 4,524,037 (the "Marc 037 Patent") did not surface when Fieseler conducted his search using only the name of Marc's company, "Clint, Inc.," as a search word. J.A. at 168. Ultimately, as it turned out, the overlooked Marc 037 Patent formed the basis of the district court's invalidation of petitioner's patents.

Based upon respondents' own exhibit (Attorney Fieseler's November 12, 1992 letter), petitioner had every reason to believe that in disclosing all patents revealed as a result of a search utilizing "information * * * regarding Michel Marc," full disclosure had been made to the PTO.

Although there was some confusion as to when petitioner first actually reviewed the Marc 037 Patent itself, this confusion was clarified at the hearing on the attorneys' fees issue and respondents' Exhibit 28 submitted in conjunction with that hearing. J.A. at 210-13. At the time he submitted his 37 C.F.R. § 1.47(a) Declaration, petitioner had, over a decade earlier, observed the Foam Aid process and had assumed at that time that it was subject to a United States Patent. J.A. at 185. He advised his patent attorney of his belief that Michel Marc was involved in the patent, and relied upon his attorney to do the rest. However, although petitioner was aware of the fact that Marc may have been the inventor of the Foam Aid process, which petitioner associated with "radio frequency molding," he was unaware of the specific patent's numerical designation. Rather, he believed that the three Marc patents that he disclosed to the PTO, all of which involved radio frequency molding, included the patent for the Foam Aid process, the principal characteristic of which was radio frequency molding. J.A. at 202-03; Tr. 51-53.

Notwithstanding petitioner's inability to know or remember (over the course of the previous decade) the precise numerical designation of the Marc 037 patent, respondents have misleadingly claimed throughout this litigation that petitioner deliberately concealed that patent from Examiner Lowe. Respondents, in making this ill-founded accusation, have yet to provide any explanation as to why petitioner would disclose the name of the patent's inventor, the inventor's company (Clint, Inc.), and the process he had invented, yet, conceal from the examiner the 037 Patent itself, full well knowing that the examiner, in reviewing the patents in the designated field of search for the continuation application, would actually be examining the Marc 037 Patent. The respondents'

accusation is as lacking in merit as it is in logic. Simply put, respondents have failed to present any convincing argument as to why petitioner should be held accountable for Fieseler's error in not disclosing the Marc 037 Patent to the PTO when petitioner had given him the necessary information by which he could not only search for, but also find, that patent.

Upon review of petitioner's 37 C.F.R. § 1.47(a) Declaration and its attachments, Examiner Lowe granted the continuation application, which the PTO issued as United States Patent No. 5,273,702 (the "702 Patent"). In granting the application, the examiner distinguished the Foam Aid process on the grounds that: (1) it used radio frequency heating; and (2) it did not teach how to avoid flash and form a smooth edge at the mold parting line. J.A. at 208-09. Although the materials accompanying petitioner's 37 C.F.R.§ 1.47(a) Declaration did not include the Marc 037 Patent, the patent examiner included the Marc 037 Patent's assigned classification number, "264/321," in the field of search for the 702 Patent. J.A. at 68. In other words, pursuant to his duty under, 37 C.F.R. § 1.104(a),[4] to examine ***all*** patents within the classifications designated in the field of search, ***the patent examiner examined the Marc 037*** as part of his prior art search for the 702 Patent, a fact to which respondents stipulated. J.A. at 151-55.[5] Having examined the Marc 037 Patent in the

---

[4] 37 C.F.R. § 1.104(a)(1) provides in pertinent part: "On taking up an application for examination or a patent in a reexamination proceeding, the examiner shall make a thorough study thereof and shall make a thorough investigation of the available prior art relating to the subject matter of the claimed invention."

[5] Respondents suggested that in the course of his examination of prior art with respect to the continuation application that matured into the 702 Patent, Examiner Lowe

course of his prior art search, Examiner Lowe obviously determined that (for the same reasons that he distinguished the Foam Aid process) it lacked sufficient materiality or contained cumulative material such that it need not be included in the cited references.

Shortly after issuance of the 702 Patent, petitioner repurchased Ohio Cellular Products from Riddell, Inc., which in the interim had acquired the "Ohio Cellular Products" division of BSN. However, in selling Ohio Cellular to petitioner, Riddell retained the ownership rights to both the 110 Patent, and its continuation, the 702 Patent, which, as noted above, previously had been assigned to Ohio Cellular. At the time of sale of Ohio Cellular to petitioner, Riddell established a wholly owned subsidiary, All American Sports, Inc., as the actual entity that would retain the ownership rights to the patents. Defendants' Exhibit 38.[6] All American Sports then granted to Ohio Cellular an exclusive license to not only use the 110 and 702 Patents, but to also prosecute and defend them should such be necessary. *Id.*

---

might have missed the Marc 037 Patent. J.A. at 174-75. Even if by some obscure chance, he missed the Marc 037 Patent in the course of his prior art search for the 702 Patent, he most certainly did not do so twice. The record reveals that with respect to both the 110 Patent and the 702 Patent, Examiner Lowe included the Marc 037 patent in his field of search. J.A. 45, 68, 92. The odds of Examiner Lowe having missed the 037 twice are remote. More likely, he reviewed the patent and, on both occasions, determined that it should neither be included as a cited reference nor otherwise form a basis upon which to deny the petitioner's applications.

[6] Defendants' Exhibit 38 is appended to Defendants' Reply to Plaintiffs' Brief in Opposition to Petition for Attorneys' Fees, which appears as United States District Court Northern District of Ohio (Western Division) Docket Entry No. 123.

C. Proceedings Before the District Court.

Based upon the rights granted by its exclusive license from All American Sports, Ohio Cellular filed the instant patent infringement lawsuit against respondent Adams, and an affiliate of Adams, respondent Apehead Manufacturing Inc. Respondents thereupon filed counterclaims against Ohio Cellular in which they sought: (1) a declaration that both the 110 and 702 Patents were invalid; and (2) attorneys' fees for "inequitable conduct" arising out of petitioner's alleged failure to disclose the 037 Patent to the PTO. Along with their counterclaims, respondents also filed a third party complaint against the patent owner, All American Sports, requesting the same relief that they sought in their counterclaims against Ohio Cellular. Counsel representing Ohio Cellular then entered an appearance on behalf of All American Sports and defended both Ohio Cellular and All American Sports on the counterclaims and third party complaint. J.A. at 1-8. Although, at the time of filing their counterclaims and third party complaint, respondents were aware of, and indeed made specific reference to, petitioner's alleged failure to disclose the Marc 037 Patent to the PTO, respondents never sought to join petitioner as a third party defendant until ***after final judgment had been rendered***. J.A. at 28.

Ultimately, the district court granted summary judgment in favor of respondents finding the 110 and 702 Patents to be invalid under 35 U.S.C. § 102 because they were anticipated by the prior Marc 037 Patent. The United States Court of Appeals for the Federal Circuit affirmed.

Thereafter, respondents filed a motion that attorneys' fees be assessed against Ohio Cellular and All American Sports. As grounds for their motion for attorneys' fees, respondents claimed that Ohio Cellular had engaged in:

(1) vexatious and unjustified litigation by filing the infringement action; and (2) inequitable conduct before the PTO based upon petitioner's alleged failure to disclose the existence of the Marc 037 Patent. Appendix to Petition for Writ of Certiorari ("Pet. App.") at 42-43. On February 12, 1997, the district court, ***without hearing***, granted respondents' motion for attorneys' fees. Pet. App. at 41. Although the court rejected respondents' claim that the litigation was vexatious and unjustified, it ruled that Ohio Cellular, by virtue of its alleged non-disclosure of the Marc 037 Patent, had engaged in misconduct before the PTO and therefore, "exceptional" circumstances existed that warranted the imposition of attorneys' fees in accordance with 35 U.S.C. § 285[7]. Pet. App. at 56. The court then issued its judgment entry in which it stated, "Defendants' motion for attorney fees is granted." *Id.* It made no mention of whether the motion was granted as to Ohio Cellular or both Ohio Cellular and All American Sports.

Subsequently, Ohio Cellular filed a motion for reconsideration upon which the district court conducted an evidentiary hearing to determine whether petitioner, as Ohio Cellular's president, had "actual knowledge" of the Marc 037 Patent at the time he submitted his 37 C.F.R. § 1.47(a) Declaration. Pet. App. at 59. The court conducted the hearing on May 6, 1999, and counsel for Ohio Cellular and All American Sports called as a witness, Attorney Robert Fieseler, who, as noted above, had been the patent attorney for petitioner and for All American Sports' affiliate, BSN. Although counsel for Ohio Cellular and All American Sports also called petitioner to testify

---

[7] 35 U.S.C. § 285 provides: "The court in exceptional cases may award reasonable attorney fees to the prevailing party.

on their behalf, ***he was not represented by personal counsel at that hearing*** despite the fact that a conflict of interest was developing between himself and All American Sports.

The evidence presented at the May 6 hearing, as reflected in respondents' own exhibits and cross-examination of Fieseler, clearly proved that petitioner had disclosed to Fieseler: (1) the Foam Aid process; (2) the name of its inventor, Michel Marc; and (3) the name of Michel Marc's company, Clint, Inc. Yet, despite that evidence, the district court, on September 25, 1997, denied the motion for reconsideration, inexplicably finding that even if Ohio Cellular had not known of the existence of the Marc 037 Patent, it had engaged in inequitable conduct by allegedly failing to disclose the Foam Aid process.[8] Pet. App. at 64-65. As with its previous order granting respondents' motion for attorneys' fees, the district court's judgment entry denying reconsideration was silent as to whether it applied only to Ohio Cellular or both Ohio Cellular and All American Sports. Pet. App. at 57.

The district court, in denying the motion for reconsideration, then granted respondents thirty days within which to submit evidence concerning the amount of attorneys' fees that respondents had incurred in defending the infringement action. In ordering the respondents' submission, the court also verbally advised counsel for the parties to attempt to resolve the attorneys' fees issue without

---

[8] Petitioner's 37 C.F.R. § 1.47(a) Declaration had appended to it Attorney Purdue's description of the Foam Aid process. There is no explanation as to how the district court could find that petitioner failed to disclose the Foam Aid process when the declaration that petitioner submitted to the PTO shows, on its face, that he did.

further intervention by the court. In response, Ohio Cellular's then trial counsel, Richard M. Kerger, wrote counsel for respondents and (***unbeknownst to petitioner***) stated:

> I am writing to potentially save you some time. The fact is if the attorney fee award exceeds a very limited amount, you will not collect it because the company [Ohio Cellular] will be liquidated. If you wish to discuss resolution on a nominal basis, please let me know.

J.A. at 150.

The letter made clear that Ohio Cellular, due to its impending liquidation, had ***no financial incentive*** to oppose the award of attorneys' fees. Subsequently, on October 27, respondents' counsel submitted their declarations regarding the amount of the fees being sought. In conjunction therewith, they submitted a "Petition for Attorneys' Fees" in which they sought to justify the time they expended as well as the fees being charged for that time.[9] In that petition, respondents' counsel sought not only a fee award from the plaintiff, Ohio Cellular, but also from the third party defendant, All American Sports. Despite respondents' awareness of Ohio Cellular's possible liquidation and their need to look to another party to collect the fee award, respondents in their petition made no mention of Kerger's October 13 letter. *Id.* Nor, did they argue or even suggest at that time that there was personal liability on the part of petitioner. *Id.*

Attorney Kerger, who, according to the appearance docket, represented both Ohio Cellular and All American Sports Corporation, but ***not*** petitioner (J.A. at 1-8), then submitted a brief in response to respondents' Petition for

---

[9] The Petition for Attorneys' Fees appears as United States District Court, Northern District of Ohio (Western Division) Docket Entry No. 116.

Attorneys' fees.[10] The brief consisted ***in its entirety*** of arguments that All American Sports should not be held liable for attorneys' fees. Unfortunately for petitioner, Attorney Kerger was successful in his efforts to exonerate All American Sports, and the district court granted his request to exclude All American Sports from the fee award. Pet. App. at 66. Regrettably, Attorney Kerger, in protecting the interests of Ohio Cellular (by threatening liquidation) and the interests of All American Sports (by having it excluded from the fee award), left the personally unrepresented petitioner exposed as the only remaining entity with the financial means of satisfying the fee award, which the district court on January 22, 1998 reduced to judgment in the amount of $178,888.51. *Id.*

Recognizing this fact, respondents, on February 3, 1998, submitted a motion for leave to file a third party complaint.[11] However, apparently fearing that petitioner, unlike Ohio Cellular, may actually put up a vigorous defense to their claim for attorneys' fees, respondents sought to circumvent the procedures by which petitioner, in his own right, could challenge and defend against the award. Respondents were able to circumvent these procedures by seeking the extraordinary relief of amending, pursuant to Fed. R. Civ. P. 59(e),[12] the attorney fee judgment to include as a judgment debtor not only Ohio

---

[10] Attorney Kerger's brief appears as United States District Court, Northern District of Ohio (Western Division) Docket Entry No. 122.

[11] Respondents' Motion for Leave to File a Third Party Complaint and to Amend Judgment appears as United States District Court, Northern District of Ohio (Western Division) Docket Entry No. 126.

[12] Fed. R. Civ. P. 59(e) provides: "Any motion to alter or amend a judgment shall be filed no later than 10 days after entry of the judgment."

Cellular, but also petitioner. Respondents sought this extraordinary relief notwithstanding the fact that petitioner was ***not*** a party and had not, up until that date, been afforded the opportunity to: (1) defend, in his own right, against the fee award claim; and (2) assert defenses which, although unavailable to Ohio Cellular, were available to him individually.

Because petitioner was neither a party to the action nor represented by his own individual counsel, no opposition to respondents' motion to amend was, or could be, filed on his behalf. The only opposition came from Attorney Kerger, who, on behalf of the now almost defunct Ohio Cellular, claimed: (1) there was no evidence to support respondents' motion (respondents had failed to submit any evidentiary materials); and (2) to amend the judgment *ex post facto* to include petitioner as a judgment debtor violated his due process rights. Instead of vigorously defending petitioner (who after all was ***not*** his client), Attorney Kerger devoted a substantial portion of his opposition defending his October 13 letter and arguing its inadmissibility under Fed. R. Evid. 408.[13]

---

[13] Evid. Rule 408 provides in pertinent part:

> Evidence of (1) furnishing or offering or promising to furnish, or (2) accepting or offering or promising to accept, a valuable consideration in compromising or attempting to compromise a claim which was disputed as to either validity or amount, is not admissible to prove liability for or invalidity of the claim or its amount. Evidence of conduct or statements made in compromise negotiations is likewise not admissible.

Ohio Cellular's Brief in Opposition appears as United States District Court, Northern District of Ohio (Western Division) Docket Entry No. 128.

Notwithstanding the fact that petitioner's sole participation in the patent infringement proceedings was to testify as a witness and that he had been, by court order, specifically excluded from participating in, and having access to, most of the discovery conducted in those proceedings (J.A. at 38-44), the district court found that petitioner allegedly had been the Ohio Cellular officer responsible for the alleged "inequitable conduct" before the PTO and had been "personally involved" in the prosecution of the infringement action. Pet. App. at 74. On the basis of those unsupported findings, the court granted respondents "leave to amend their third party complaint to name [petitioner] as a third party defendant in his individual capacity." Pet. App. at 70. Amazingly, respondents ***never*** amended their third party complaint and ***never*** joined petitioner as a third party defendant. More importantly, there having been no third party complaint that named petitioner, ***there never was any service of process upon him.*** The record in this case is crystal clear that as of 10:09 a.m., on the morning of March 25, 1998, petitioner was not a party, and had not appeared as a party, in this lawsuit. One minute later, at 10:10 a.m., the district court rendered judgment against him in the amount of $178,888.51. *Id.* Thus, respondents were able to obtain a money judgment against petitioner without his ever having had the opportunity to file and serve an answer or defend on the merits. By doing such, the respondents effectively deprived petitioner of defenses that he, as an individual, possessed and would have been entitled to present had he been afforded the opportunity to file an answer. Most importantly, by rendering judgment against petitioner before he had been made a party, the district court effectively deprived him of the opportunity to make, on his own behalf, a record establishing

that indeed, he had *not* engaged in the inequitable conduct of which he had been accused.

D. Appeal to the Federal Circuit Court of Appeals.

Petitioner timely filed a notice of appeal to the Federal Circuit Court of Appeals, which, in a two-to-one decision, affirmed the fee award judgment against him. Pet. App. at 17-39. Amazingly, the Federal Circuit affirmed in the face of docket entries that revealed, on their face, that petitioner was not, ***as of the date that judgment was rendered against him***, a party to the lawsuit. Despite the absence of a record that would support petitioner's personal liability, the Federal Circuit Court reached a number of conclusions about him that either find no support in the record or that are directly contradicted by undisputed evidence contained in that record. These unsupported findings of the Federal Circuit Court include:

(1) "There is no evidence before us, moreover, that the attorney who prosecuted the application was aware of the undisclosed material prior art. Instead, it appears that [petitioner] withheld the prior art from his attorney and thus from the Patent Office." Pet. App. at 19, fn. 3. Respondents' own hearing Exhibit 28 (J.A. at 210-12) contradicts this finding. Petitioner's patent attorney, Fieseler, acknowledged, ***in writing***, that petitioner had provided him with "information" about the "Foam Aid process," its inventor, "Michel Marc," and Marc's company, "Clint, Inc."

(2) "[Petitioner] could control the litigation and indeed was found to have personally supervised it." Pet. App. at 24. On April 7, 1995, the district court issued a protective order that permitted respondents, to "designate as confidential any document, thing, deposition testimony, or information produced or disclosed during this

proceeding and ***no such information designated confidential shall be disclosed to any party to this litigation or any officer, director, or employee of any party.***" J.A. at 38-44 [emphasis added]. The order effectively prevented petitioner from: (1) having access to any of the important documents disclosed during the litigation; and (2) attending the depositions of respondents' employees. It is difficult, if not impossible, for a party excluded from information produced during litigation to be able to control or supervise that litigation as the court of appeals found.

(3) "[Petitioner] had timely and sufficient notice to avoid prejudice to his defense because Ohio Cellular had a nearly identical interest in the litigation ***over liability for fees*** as [Petitioner] * * * ." Pet. App. at 27 [emphasis added]. As pointed out in the October 13, 1997 letter written by Ohio Cellular's counsel, Richard Kerger (J.A. at 150), Ohio Cellular had ***no interest or incentive*** in defending against the fee award because it was on the verge of liquidation. Rather, Kerger's sole interest was in protecting his other client, All American Sports. Petitioner, on the other hand, due to the fact that he owned sufficient assets with which to pay the fee award, had, unlike his corporation, a ***substantial interest and incentive*** in defending against it.

(4) "[Petitioner] may also be fairly associated with the October 13 letter * * * of which [he] was surely aware." Pet. App. at 28-29. Unfortunately for petitioner, because of the district court's rush to judgment, he was never afforded the opportunity to present evidence that he not only did not authorize the letter but also was entirely unaware, until after the fact, that it had been written. At a minimum, because the respondents, the district court and the Federal Circuit Court all relied

upon the letter as a basis for holding petitioner personally liable for attorneys' fees, due process, requires that petitioner be heard on the issue

(5) "[N]o basis has been advanced to believe anything different or additional would have been done to defend against the allegation of inequitable conduct had Nelson individually already been added as a party or had he been a party from the outset." Pet. App. at 30. As petitioner previously pointed out in his Petition for Writ of Certiorari, he had available to him affirmative defenses that either were not available to, or not presented by, Ohio Cellular. In addition, Ohio Cellular, pursuant to a hold harmless clause in its license agreement with All American Sports, successfully exonerated that company from liability. In contrast to the position of Ohio Cellular, petitioner, who, unlike Ohio Cellular has no personal obligation toward All American Sports, takes the very opposite position. It is petitioner's position that, to the extent attorneys' fees are allowable, All American Sports, the patent owner and primary beneficiary of the infringement litigation, is the party primarily liable for those fees. Regrettably, the untimely attempt to join petitioner as a party to the lawsuit foreclosed him from asserting this position. Clearly, if petitioner had been joined as a party prior to judgment being rendered against him and prior to the dismissal of All American Sports from the fee award claim, he would have handled the defense in a substantially different manner than did counsel for his essentially defunct corporation.

Federal Circuit Judge Newman dissented, and, taking note of the above listed discrepancies, concluded that petitioner "had no opportunity to contest the issue of his personal liability for inequitable conduct as an inventor." Pet App. at 33. She further observed that the method by

which petitioner was held liable for attorneys' fees "was an unusual procedure, indeed unprecedented." *Id.*, at 32.

Despite the unprecedented nature of its decision, the Federal Circuit Court of Appeals denied petitioner's motion for reconsideration. Pet. App. at 40. Accordingly, petitioner sought review in this court and, on November 29, 1999, this Court granted his petition for writ of certiorari.

SUMMARY OF ARGUMENT

In patent infringement litigation, 35 U.S.C. § 285 permits only a "prevailing party" to recover attorneys' fees. Decisions from this Court have made clear that for a person to be a "prevailing party" entitled to an award of attorneys' fees, the person must succeed in obtaining: (1) a material alteration of a legal relationship with the defending party; and (2) an enforceable judgment against him. *Texas Teachers Association v. Garland School District*, 489 U.S. 782 (1989); *Farrar v. Hobby*, 506 U.S. 103 (1992). In the instant case, respondents had no legal relationship with petitioner because he had assigned away all of his rights in the two patents that were the subject of the underlying patent infringement lawsuit. In addition, respondents never obtained an enforceable judgment against petitioner in the underlying patent infringement lawsuit and therefore were not "prevailing parties" entitled to a fee award under 35 U.S.C. § 285.

Moreover, well-settled principles of due process and Anglo-American jurisprudence preclude a person from being bound by a judgment to which he was not a party or had not been made a party by valid service of process. *Zenith Corp. v. Hazeltine*, 395 U.S. 100 (1969); *Hansberry v. Lee*, 311 U.S. 32 (1940). Accordingly, it was improper for the district court, without first affording petitioner the opportunity to defend against his personal liability on the

merits, to render judgment against him, when, as of the date of that judgment, he was *not* a party to the proceeding.

Finally, the due process clause of the Fifth Amendment to the United States Constitution, as well as the Federal Rules of Civil Procedure, require that there be service of process upon, and personal jurisdiction over, a defendant before a district court may render judgment against him. *Omni Capital International v. Rudolf Wolff & Co.*, 484 U.S. 97 (1987). A defendant may waive the lack of jurisdiction over his person as a defense only by his failure to include that defense in an answer or a pre-answer motion to dismiss required by Fed. R. Civ. P. 12. Because of respondents' failure to file and serve an amended third party complaint upon petitioner, he never was afforded the opportunity to waive the defense of lack of personal jurisdiction. Absent petitioner's waiver of that defense, the district court lacked jurisdiction to render judgment against him, and therefore its judgment against him is void. *McDonald v. Mabee*, 243 U.S. 90 (1917).

It is clear from the foregoing that the district court lacked the power to render judgment against petitioner. Even if it had that power, it lacked the requisite statutory authority to assess attorneys' fees against him. Accordingly, the fee award against petitioner should be reversed.

ARGUMENT

I. ONLY THE PARTY LEGALLY RESPONSIBLE FOR RELIEF ON THE MERITS IS LIABLE TO PAY AN AWARD OF ATTORNEYS' FEES UNDER 35 U.S.C. § 285.

The district court in the instant case, finding that there were exceptional circumstances, ordered that respondents were entitled to recover attorneys' fees

under 35 U.S.C. § 285, which provides with respect to patent infringement litigation:

> The court in exceptional cases may award reasonable attorney fees to the prevailing party.

As noted above, the district court, when it initially rendered its attorney fee award, was silent as to which party, Ohio Cellular (the patent licensee) or All American Sports (the patent owner) was the party responsible for paying it. On January 28, 1998, the district court, after receiving an objection that Attorney Kerger had filed on behalf of All American Sports, clarified this issue. The court held that All American Sports was "not subject to an award of attorney fees" and proceeded to render judgment "against Plaintiff Ohio Cellular Products Corporation." Pet. App. at 68-69. Assuming the correctness of the district court's finding that the instant case was an "exceptional case" on account of Ohio Cellular's alleged "inequitable conduct," this award would be correct. After all, with respect to respondents' counterclaim for invalidation of the 110 and 702 Patents, respondents were the prevailing parties, and Ohio Cellular was the party against whom they prevailed.

However, the district court took the above quoted fee statute one step further and assessed attorneys' fees not only against the losing party, Ohio Cellular, but also against a non-party to the underlying litigation on the merits. Simply put, petitioner, not being a party to the underlying litigation, had no opportunity to participate in the decision granting respondents relief on the merits. Indeed, petitioner having assigned all his rights in the two patents, first to Ohio Cellular, and then to All American Sports, had ***absolutely no rights at all*** in the underlying infringement litigation. Despite his lack of rights in the patents at issue, the district court saw fit to assess fees against him anyway.

This Court has made clear that unless there is a statute specifically authorizing the award of attorneys' fees, attorneys' fees are not recoverable as costs in the federal court system. *Alyeska Pipeline Co. v. Wilderness Society*, 421 U.S. 240 (1975). This Court added in *Alyeska Pipeline* that "courts are not free to fashion drastic new rules with respect to the allowance of attorneys' fees to the prevailing party in federal litigation * * * ." *Id.*, at 270. Yet, such is precisely what the district court has done in the instant case, by assessing attorneys' fees against a person who was not even a party to the underlying litigation that led to the fee award.

The above quoted statute, which provides for the recovery of attorneys' fees in patent infringement litigation, permits recovery only to the "prevailing party." While respondents may very well have been prevailing parties with respect to their patent invalidity claims against Ohio Cellular and All American Sports, the issue before this Court is whether respondents were prevailing parties with respect to ***petitioner***. With the exception of respondents' claims for attorneys' fees, they have not asserted in this litigation any claim against petitioner, and conversely, petitioner has not asserted any claim against respondents. While this Court has not yet addressed the issue of who is a "prevailing party" under 35 U.S.C. § 285, it has, on many occasions addressed the issue under the similarly worded 42 U.S.C. § 1988.[14]

Under its previous Section 1988 determinations as to who is a "prevailing party" for the purposes of a fee

---

[14] 42 U.S.C. § 1988 provides: "In any action or proceeding to enforce a provision of sections 1981, 1982, 1983, 1985 and 1986 of this title, title IX of Public Law 92-318, or title VI of the Civil Rights Act of 1964, the court, in its discretion, may allow the ***prevailing party***, other than the United States, a reasonable attorney's fee as part of the costs." [Emphasis added].

award, this Court has by implication determined that the party against whom the prevailing party obtained relief is the party who must pay the award. *Kentucky v. Graham*, 473 U.S. 159 (1985). Inasmuch as petitioner was not a party against whom petitioners prevailed on the merits, he is not, under this Court's prior holdings, a party who can be held liable for fees.

In, *Graham*, this Court had the opportunity to address the "who must pay" issue under the similarly worded 42 U.S.C. § 1988. In *Graham*, the plaintiff had successfully prosecuted a civil rights lawsuit against Kentucky state police officers. Although the state of Kentucky itself was not a party (having been dismissed from the lawsuit on Eleventh Amendment grounds), the district court assessed attorneys' fees against it. This Court reversed the attorney fee award and noted:

> Section 1988 does not in so many words define the parties who must bear these costs. Nonetheless, it is clear that the logical place to look for recovery of fees is to the losing party, ***the party legally responsible for relief on the merits***.
>
> * * *
>
> Thus liability on the merits and responsibility for fees go hand in hand; ***where a defendant has not been prevailed against*** either because of legal immunity or on the merits, ***§ 1988 does not authorize a fee award against that defendant***.

Graham, 473 U.S. at 164-65 [emphasis added].

Under the above quoted language from *Graham*, petitioner, who was not prevailed against on the underlying merits, is not liable for attorneys' fees. Indeed, this Court in decisions subsequent to *Graham* has made clear that unless a party prevails against the person from whom it seeks an award of attorneys' fees, that party is not the "prevailing party" entitled to such an award of fees.

In *Hewitt v. Helms*, 482 U.S. 755 (1987), a prisoner sought to challenge prison disciplinary proceedings instituted against him. Although the district court and court of appeals denied him relief from the disciplinary action taken against him, he did receive a favorable determination in the court of appeals that his constitutional rights had been violated. This Court reversed a subsequent ruling that he was entitled to attorneys' fees as the prevailing party. This Court pointed out that more than a favorable ruling or judgment was necessary to be a prevailing party for an award of fees. This Court wrote:

> In all civil litigation, the judicial decree is not the end but the means. At the end of the rainbow lies not a judgment, but some action (or cessation of action) by the defendant that the judgment produces – the payment of damages, or some specific performance, or the termination of some conduct. * * * The real value of the judicial pronouncement – what makes it a proper judicial resolution of a "case or controversy" rather than an advisory opinion – is in the settling of some dispute ***which affects the behavior of the defendant towards the plaintiff.***

Hewitt, 482 U.S. at 761 [emphasis in the original].

This Court then concluded that if a plaintiff did not secure a judgment or ruling that "alters [the defendant's] conduct" or that "does not affect the relationship between the plaintiff and the defendant" the plaintiff is ***not*** the prevailing party. *Id.* True, in the instant case, respondents secured a judgment (invalidation of the 110 and 702 Patents) that altered the conduct of, and affected its relationship with, Ohio Cellular and All American Sports. However, the judgment invalidating the patents did ***not*** affect respondents' relationship with ***Petitioner***. For, he

had assigned away all of his rights to those patents and for that reason had no legal relationship with respondents to begin with. Because the underlying judgment invalidating the two patents neither changed the conduct of petitioner nor altered his relationship (to the extent there was a relationship) with respondents, respondents were not "prevailing parties" with respect to petitioner. Accordingly, the lower courts erred in finding that petitioner was liable for attorneys' fees, and their decisions should be reversed.

In *Texas Teachers Association v. Garland School District*, 489 U.S. 782 (1989), this Court reaffirmed its decision in *Hewlitt* and held:

> Thus, at a minimum, to be considered a prevailing party within the meaning of [42 U.S.C. §] 1988, the plaintiff must be able to point to a resolution of the dispute which changes the legal relationship between itself and the defendant. * * * The touchstone of the prevailing party inquiry must be the material alteration of the legal relationship of the parties in a manner which Congress sought to promote in the fee statute.

Texas Teachers Association, 489 U.S. at 792-93.

In the instant case, not only was there not a material alteration of the relationship between respondents and petitioner, but also, there was not, as noted above, a legal relationship to begin with. Absent a legal relationship with petitioner, respondents were not the prevailing parties, a status which is, as this Court pointed out in *Texas Teachers Association*, a "statutory threshold" for the recovery of attorneys' fees. *Texas Teachers Association*, 489 U.S. at 789. Because respondents have failed to meet the statutory threshold that they were "prevailing parties," entitled to recover attorneys' fees, the judgments below should be reversed.

Finally, this Court made clear exactly what it meant by the "material alteration of the legal relationship" in *Farrar v. Hobby*, 506 U.S. 103 (1992), when it held:

> No material alteration of the legal relationship between the parties occurs until the plaintiff becomes entitled to enforce a judgment, consent decree, or settlement ***against the defendant.***

Farrar, 506 U.S. at 113 [emphasis added].

Other than their fee award, respondents never were entitled to enforce a judgment, decree or settlement against petitioner in the underlying litigation. Clearly, as this Court noted in *Graham*, and recently reaffirmed in *Farrar*, a judgment against the party from whom the award is sought, is ***an absolute prerequisite*** to an award of attorneys' fees to the prevailing party. Indeed, how else could respondents be prevailing parties other than by having obtained a judgment against petitioner in the underlying litigation – an event that never occurred in the instant case? Because respondents failed to meet the threshold requirement that they obtain a judgment against petitioner, the decision of the circuit court should be reversed, and respondents' claim for attorneys' fees against petitioner should be dismissed.

Finally, with respect to the similarly worded 42 U.S.C. § 1988, the Second Circuit Court of Appeals had the opportunity to decide a case on point with the instant case. In *Association for Retarded Citizens of Connecticut, Inc. v. Thorne*, 68 F.3d 547 (2d Cir. 1995), the district court assessed attorneys' fees against a person who had been dismissed from the lawsuit. Despite the fact that the plaintiff had prevailed on the merits in the underlying lawsuit with respect to other parties whom the court had not dismissed, the court of appeals reversed the fee award as to the dismissed party. The court reasoned:

> There is no basis in law or logic for a prevailing party to recover attorneys' fees from a party

> other than the entity whose behavior has been positively influenced by litigation and ***against whom the plaintiffs have prevailed.***

Thorne, 68 F.3d at 552 [emphasis added].

In the instant case, respondents did not prevail against petitioner in the underlying infringement litigation. Because, as this Court noted in *Alyseka Pipeline*, the district courts may only award fees as specifically provided for by Congress, and there being no authority to award fees other than to the prevailing party, the respondents' claims for attorneys' fees against petitioner must fail. Simply put, respondents were not "prevailing parties" with respect to petitioner, and therefore there is no Congressional authority for an award of attorneys' fees as required by *Alyeska Pipeline*. Accordingly, the decisions of the district court and the court of appeals should be reversed.

Courts have reached similar results with regard to "prevailing party" status in patent infringement cases under 35 U.S.C. § 285, as they have with the above discussed comparable provisions of 42 U.S.C. § 1988. In *Consolidated Aluminum Corp. v. Foseco International Ltd.*, 910 F.2d 804, 814 (Fed. Cir. 1990), the court declined to remand the case for a determination of fees because of the lack of a "prevailing party." *See also, Radio Steel & Manufacturing Co. v. MTD Products, Inc.*, 731 F.2d 840 (Fed. Cir. 1984). In addition, in *Union Carbide Corp. v. Graver Tank & Manufacturing Co.*, 345 F.2d 409, 413 (7th Cir. 1965), the court reversed an award of attorneys' fees because "it can hardly be said that" there was a "prevailing party" and a "losing party." Similarly, in the instant case, as between petitioner and respondents, there is neither a "prevailing party" nor a "losing party" (petitioner not having lost on the underlying merits), and therefore, there was no basis for the district court to

award fees under 35 U.S.C. § 285. Accordingly, the decision of the district court should be reversed.

As noted above, starting with its decision in *Graham*, this Court has issued a series of decisions holding that respondents are not "prevailing parties" entitled to an award of attorneys' fees. Despite this Court's holding in *Graham* and its subsequent decisions, that non-parties are not liable for attorneys' fees, the Federal Circuit Court attempted to distinguish *Graham* on the basis of *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565 (Fed. Cir. 1986). In *Orthokinetics*, the federal circuit, applying a respondeat-superior-in-reverse theory of liability, ruled that a corporate officer could be held liable along with his corporation for damages (not attorneys' fees) in a patent infringement action. In the instant case, the Federal Circuit Court of Appeals pointed out that under *Orthokinetics*, petitioner could be held liable as the Ohio Cellular officer who allegedly had participated in the misconduct before the PTO that formed the basis of the fee award against his corporation, Ohio Cellular. However, the corporate officer in *Orthokinetics*, unlike petitioner in the instant case, was a ***party*** to the proceeding, and unlike petitioner, had the opportunity to defend, on the merits, that underlying litigation. In the instant case, the non-party petitioner had the opportunity to do neither. To the extent that the respondeat-superior-in-reverse doctrine of *Orthokinetics* has any validity, such is an issue that petitioner had the right to litigate just as the corporate officer in *Orthokinetics* had the right to litigate the issue. Moreover, with respect to statutorily authorized attorneys' fees to the "prevailing party," *Orthokinetics*, to the extent it holds a non-party corporate officer liable for attorneys' fees, is contrary to this Court's previous decisions in *Graham, Hewitt, Texas Teachers Association* and *Farrar*. As noted above, those decisions hold that only the party who

has been prevailed against on the merits is liable for attorneys' fees.

Because the decision in *Orthokinetics* applies only to corporate officers who are parties, and ***not*** to non-party officers who have not been prevailed against in the underlying litigation, that decision does not support the award of attorneys' fees against petitioner. Accordingly, the decision of the Federal Circuit Court of Appeals should be reversed.

II. BY RENDERING JUDGMENT AGAINST PETITIONER WITHOUT NOTICE AND WITHOUT AFFORDING HIM THE OPPORTUNITY TO DEFEND AGAINST HIS LIABILITY ON THE MERITS, THE DISTRICT COURT DEPRIVED PETITIONER OF THE RIGHTS SECURED TO HIM BY THE FIFTH AMENDMENT TO THE UNITED STATES CONSITITUTION.

When Congress enacted 35 U.S.C. § 285 and limited its reach to those persons who were actually parties to the underlying judgment, it clearly had in mind (1) the due process rights of non-parties and, more specifically, (2) the Federal Rules of Civil Procedure that are designed to protect those rights. Yet, neither respondents nor the district court saw fit to follow those procedures, specifically the procedures for joining a third party defendant as respondents sought in the instant case. Ironically, as justification for their failure to follow the Federal Rules, respondents mistakenly rely on the liberal pleading and amendment procedures of those rules. As Judge Newman, in her dissenting opinion below noted, these procedures "are designed to protect due process, not avoid it." Pet. App. at 33. Yet, such is precisely what respondents accomplished when they by-passed the complaint and service of process procedures and proceeded directly to judgment against petitioner.

The Fifth Amendment to the United States Constitution provides that "no person shall be * * * deprived * * * of property without due process of law." This court repeatedly has held that, at a minimum, due process requires notice and an opportunity to be heard. *Mullane v. Central Hanover Bank & Trust Co.*, 339 U.S. 306 (1950); *Fuentes v. Shevin*, 407 U.S. 67 (1972). In the instant case, the joinder procedure that respondents utilized, and that the district and circuit courts ratified, satisfied neither one of these requirements. Because the procedures utilized to render judgment against petitioner did not even satisfy ***minimum*** requirements for due process, the judgment against him should be reversed.

Despite the lack of notice to petitioner, and the lack of an opportunity for him to be heard, respondents have sought to trivialize his due process rights by pointing to the alleged privity that he had with Ohio Cellular and his alleged ability to "control the litigation." According to respondents, petitioner, by his alleged control over the underlying patent infringement litigation, can be bound by the attorney fee judgment rendered against his corporation, Ohio Cellular. As noted above in the Statement of the Case, *supra*, both the district court and the Federal Circuit Court blindly accepted these arguments despite the absence of a record to support them. These arguments are at least apparently, although incorrectly, based upon this Court's holding in *Montana v. United States*, 440 U.S. 147 (1979). In *Montana*, this Court held that the principles of res judicata and collateral estoppel applied to those parties in privity with parties to previously adjudicated litigation such that parties in privity, who actually controlled the prior litigation, are bound by the judgment rendered in that prior litigation. However, in the instant case, the district court, in by-passing the requirements of the Federal Rules of Civil Procedure and the due process

clause of the Fifth Amendment to the United States Constitution, never afforded petitioner the opportunity to litigate the privity and res judicata issues that respondents now raise. It is the failure of the district court to afford petitioner the opportunity to litigate these issues, concerning his alleged privity with Ohio Cellular and his alleged ability to control the litigation (which as noted above was non-existent), that render the judgment against him void as violative of due process.

To insure protection of a non-party's due process rights, this Court in *Zenith Corp. v. Hazeltine*, 395 U.S. 100 (1969), expressly rejected respondents' "privity" and "control-over-litigation" arguments. In *Zenith*, the district court, in rendering judgment against a corporation, HRI, had included the corporation's non-party owner, Hazeltine, in the judgment because, among other reasons, one of Hazeltine's officers, Dodds, allegedly "controlled the litigation." This Court, in affirming the court of appeals' reversal of the judgment against the owner, Hazeltine, rejected the "control-over-litigation" argument, which respondents have advanced in the instant case, and held:

> Likewise, were it shown that Hazeltine through its officer, Dodds, in fact controlled litigation on behalf of HRI, and if the claim were made that the judgment against HRI would be res judicata against Hazeltine because of this control, ***that claim itself could be finally adjudicated against Hazeltine only in a court with jurisdiction over that company.***

Zenith Corp., 395 U.S. at 111 [emphasis added].

Thus, although alleged control over litigation and res judicata ***may*** be legitimate issues because of alleged privity between petitioner and Ohio Cellular, those issues may be adjudicated against petitioner ***only in a court that has obtained jurisdiction over him by valid service of***

process, an event that respondents concede never occurred.[15] *Id.*, at 110. Indeed, although alleged privity and control-over-litigation may be legitimate issues, what little evidence there is before this Court on those issues indicates that, rather than having control over the litigation, petitioner was specifically excluded from it. In addition, the lack of similar interests and litigation incentives between the defunct Ohio Cellular and the solvent petitioner negates any alleged privity between the two. Because the district court ***never*** obtained service of process over petitioner, the control-over-litigation and res judicata issues, which respondents now have raised, remain to be litigated. To deny petitioner the right to litigate these issues, especially in the face of evidence that he lacked the ability to control the litigation, is to deny him his due process rights. Just as the corporation's owner was entitled to be heard on the control-over-litigation and res judicata issues in *Zenith*, petitioner is entitled to be heard on those issues in the instant case. Accordingly, this Court should reverse the judgment of the district court.

Finally, Ohio Cellular's lack of a financial incentive to defend against respondents' claims for fees, along with the virtually conclusive evidence of petitioner's full disclosure in conjunction with his application for the 702 Patent, are compelling reasons for affording petitioner the opportunity to be heard on whether he had sufficient privity and control over the litigation such that the judgment against Ohio Cellular should be extended to include him as well. Indeed, this Court has made clear that there are constitutional limits on the concept of privity, and a non-party cannot be bound by a judgment against a party

---

[15] Respondents' Brief in Opposition to the Petition for Writ of Certiorari at p. 12.

if that party did not adequately protect the interests of the non-party. *Richards v. Jefferson County, Alabama*, 317 U.S. 793 (1996). Attorney Kerger's opposition to assessing fees against All American Sports and his threat to liquidate Ohio Cellular constitute conclusive proof that Ohio Cellular did not adequately represent petitioner's interests in litigating the fee award issue. As this Court noted in *Richards*, due process precludes respondents from endeavoring "to bind" petitioner "to a prior judgment to which he was not a party." *Richards*, 317 U.S. at 805. Accordingly, as this Court did in *Richards*, it should reverse the district court's decision that sought to bind petitioner to a judgment to which he was not a party.

In *Martin v. Wilks*, 490 U.S. 755 (1989), this Court reaffirmed its previous holding in *Zenith*. In *Martin*, white fire fighters challenged a district court consent decree, to which they should have been, but were not, made parties. The consent decree required their municipal employer to set certain goals with respect to the hiring and promotion of black firefighters. The district court had held that the consent decree precluded the white firefighters from challenging, in a separate lawsuit, the employer's court ordered practices with respect to the hiring and promotion of black firefighters. This Court disagreed, noting, "We think this holding contravenes the general rule that a person cannot be deprived of his legal rights in a proceeding to which he is not a party." *Martin*, 490 U.S. at 759. This court then referring to its previous decision in *Zenith* held:

> All agree that "[I]t is a principle of general application in Anglo-American jurisprudence that one is not bound by a judgment in personam in a litigation in which he is not designated as a party or to which he has not been made a party by service of process." [Citations omitted]. This rule is part of our "deep-rooted

> historic tradition that everyone should have his own day in court." [Citations omitted]. A judgment or decree among parties to a lawsuit resolves issues as among them, but it does not conclude rights of strangers to those proceedings.

Martin, 490 U.S. at 762, quoting *Hansberry v. Lee*, 311 U.S. 32, 40 (1940).

This Court in *Martin* then explained that a party seeking to bind a non-party must join that non-party pursuant to the provisions of Fed. R. Civ. P. 19(a). This Court reasoned:

> Joinder as a party, rather than knowledge of a lawsuit and an opportunity to intervene, is the method by which potential parties are subjected to the jurisdiction of the court and bound by a judgment or decree. The parties to a lawsuit presumably know better than anyone else the nature and scope of relief sought in the action, ***and at whose expense such relief might be granted.*** It makes sense, therefore, to place on them a burden of bringing in additional parties where such a step is indicated * * * .

Id, at 765 [emphasis added].

Lest is not be said often enough, and the respondents' protestations aside, when the district court rendered judgment against petitioner, he had not yet been joined as a party to the lawsuit. This conclusion is not a "presupposition" on the part of the petitioner as respondents suggest,[16] it is an indisputable fact that the district court's own docket entries conclusively prove. Because

---

[16] *See*, Respondents' Brief in Opposition to the Petition for Writ of Certiorari at p. 12.

the district court's docket entries fail to establish a necessary prerequisite to rendering judgment against petitioner – his joinder as a party as required under *Martin* – the decision of the district court must be reversed. Indeed, given respondents' repeated assertions, that petitioner had a substantial interest in the attorneys' fees issue (an interest so substantial that judgment could be rendered against him), then it only makes sense, given that interest, that respondents should have joined him as a party ***at a point in time "where such a step is indicated."*** *Martin*, 490 U.S. at 765 [emphasis added]. Respondents' post judgment joinder of petitioner (four years after litigation had commenced and four months after it allegedly first learned that Ohio Cellular was insolvent) flies in the face of their claim before this Court that petitioner, from the outset, had a substantial interest in the instant litigation. If such had been the case, they should have joined him in accordance with this court's holding in *Martin*. Their failure to so join him removes whatever remaining credibility there is to their claim that petitioner's interest in contesting the award of attorneys' fees was identical to that of Ohio Cellular. Under this Court's holding in *Martin*, respondents' failure to timely join petitioner to the litigation precludes them from binding him to that judgment. Accordingly, the decision of the district court should be reversed.

Finally, this Court made clear in *Mullane*: "This right to be heard has little reality or worth unless one * * * can choose for himself whether to appear or default, acquiesce or contest." *Mullane*, 339 U.S. at 314.

In the instant case, the post judgment joinder of petitioner deprived him of that constitutionally guaranteed right to choose to defend an action. Once the district court rendered judgment against him, there was little petitioner could do to contest his liability other than seek

discretionary relief with the court under Rules 59 and 60 as petitioner unsuccessfully attempted in the instant case. As this Court noted in *Mullane*, the right to be heard is not a matter that should be discretionary with the court as it is under the post judgment remedies provided by Rules 59 and 60. Rather, the right to be heard is mandatory, and the district court's total failure to afford petitioner a hearing to contest the fee award requires reversal of the judgment against him. Indeed, the above-discussed evidence that petitioner, in submitting his declaration to the PTO, made full disclosure, cries out for a hearing on his personal liability for attorneys' fees in the instant case. Because of the overwhelming evidence of, for lack of a better word, petitioner's innocence, there was substantial prejudice to petitioner when the district court denied him the opportunity to be heard, on his own behalf, on the issue of his personal liability for alleged misconduct before the PTO. Accordingly, the judgment of the district court should be reversed.

Because amending a judgment to include a non-party who neither has been served with process nor has had the opportunity to defend on the merits is so offensive to traditional notions of due process, respondents and the courts below, in all of the volumes of reported federal decisions, could cite to just one instance where such has been done. That one instance occurred in *Fromson v. Citiplate, Inc.*, 886 F.2d 1300 (Fed. Cir. 1989), a case involving such extreme circumstances (fraud upon the court) that it simply cannot serve as authority for ignoring the due process requirements of the United States Constitution. Unfortunately, the Federal Circuit Court accepted respondents' arguments, and extended its holding in *Fromson* to permit, in essence, post judgment joinder of any non-party who has notice of the proceedings.

In *Fromson*, the plaintiff patent holder sued the defendant corporation for patent infringement. Approximately three months before trial, the plaintiff suspected that the defendant corporation might be insolvent. Accordingly, the plaintiff in *Fromson*, unlike the defendants in the instant case, sought, ***prior to trial***, leave to join the defendant corporation's officers as new party defendants – presumably with the intent to file and serve an amended complaint upon them to join them into the lawsuit in accordance with the due process requirements of the United States Constitution. Notwithstanding the fact that, at the time the plaintiff sought leave to amend, the defendant's officers intended to put the defendant corporation into bankruptcy, they represented to the court that the defendant was "in sound financial condition." *Fromson*, 886 F.2d at 1301. Based upon that representation (that turned out to be false), the district court denied the plaintiff leave to amend. Only after the plaintiff obtained a judgment against the defendant was it revealed that the officers' "sound financial condition" assurances were in fact false. If those false statements had not been made, the officers would have been joined in the lawsuit, and unlike petitioner in the instant case, they would have had the opportunity to defend, on the merits, against their personal liability. Thus, in *Fromson*, the sole reason for the officers' lack of an opportunity to defend was their having defrauded the court regarding the financial solvency of their corporation. As the court of appeals put it:

> It comes with poor grace when the [corporate officers] object on appeal that the law should not, as it often does in similar contexts, require them to continue lying in a bed of their own making.

Fromson, 886 F.2d at 1304.

In the instant case, petitioner, unlike the corporate officers in *Fromson*, never was afforded the opportunity,

prior to trial, to defend himself individually against the respondents' claim for attorneys' fees. In *Fromson*, unlike the instant case, the corporate officers forewent that opportunity when they misled the court regarding the financial condition of their corporation. Thus, the instant case does not involve a situation as occurred in *Fromson* where petitioner, ***prior to trial,*** voluntarily relinquished his right to be heard. Accordingly, the holding in *Fromson* does not apply, and petitioner is entitled to have the judgment against him reversed and remanded so that he may present a complete defense on the merits.

Moreover, the defendants in *Fromson* never raised the due process and lack of service issues that petitioner has raised in the instant case. Rather, the issue that the *Fromson* court addressed was whether the amended complaint, joining the officers as new party defendants, related back, under Fed. R. Civ. P. 15(c), to the original date of the filing of the lawsuit. Rule 15(c), on its face, addresses the statute of limitations defense that apparently was at issue in *Fromson* but only will become an issue in the instant case if and when petitioner is afforded the opportunity to file an answer or pre-answer motion to dismiss. Because *Fromson* involved interpretation of Fed. R. Civ. P. 15(c) and its applicability to a statute of limitations defense, not the due process requirements of the United States Constitution or the service of process requirements of Fed. R. Civ. P. 4, it does not apply to the instant case. Accordingly, petitioner is entitled to have the judgment against him reversed.

Finally, respondents, in an attempt to argue the applicability of *Fromson*, may point to the October 13, 1997 letter of Ohio Cellular's former counsel, Richard Kerger, in which Kerger (not petitioner) threatened to liquidate Ohio Cellular in the event that respondents attempted to collect the judgment that had been rendered against it.

Respondents may attempt to make the false analogy that Attorney Kerger's threat of liquidation is equivalent to the misrepresentation of solvency that the corporate officers made in *Fromson*. However, unlike the situation in *Fromson*, Attorney Kerger in the instant case made the threat of liquidation not only without petitioner's authority, but also without his knowledge. The constitutional due process requirements discussed above ***mandate*** that petitioner have the opportunity to be heard on the issue of whether he authorized (or even knew about) the threat of liquidation rather than having the Federal Circuit Court of Appeals simply assume such a finding without any evidence to support it. In *Zenith, supra,* this Court held that a corporation's conduct during litigation did not bind the corporation's owner until such time that the owner has "had its day in court." *Zenith,* 395 U.S. at 111. Similarly, in the instant case, the threats of Ohio Cellular's former counsel do not bind petitioner until he too has had his day in court.

III. BEFORE ENTERING JUDGMENT AGAINST AN INDIVIDUAL, A DISTRICT COURT MUST HAVE JURSIDICTION OVER THAT INDIVIDUAL'S PERSON EITHER BY (1) VALID SERVICE OF PROCESS OR (2) WAIVER OF PERSONAL JURISDICTION BY THE INDIVIDUAL'S FAILURE TO INCLUDE THE LACK OF PERSONAL JURISDICTION AS A DEFENSE IN A RESPONSIVE PLEADING OR MOTION REQUIRED BY FED. R. CIV. P. 12.

A district court, or for that matter any court, may only render judgment against a person over whom it has acquired personal jurisdiction. *Zenith Corp. v. Hazeltine,* 395 U.S. 100 (1969). *Hansberry v. Lee,* 311 U.S. 32, 41 (1940), *citing, Pennoyer v. Neff,* 95 U.S. 714 (1878).

There are but two means by which a court may obtain personal jurisdiction over a person. As this Court noted in *Hansberry*, the first means is by valid service of process, an event that respondents concede did not occur in the instant case. The second means is by either express or implied waiver. *Insurance Corp. v. Compagnie Des Bauxites*, 456 U.S. 694, 703 (1982). There being neither service of process nor an express waiver of jurisdiction on the part of petitioner, the only conceivable method by which the district court could have asserted jurisdiction over petitioner and render judgment against him was by means of an implied waiver of personal jurisdiction. However, such an implied waiver occurs only where a party omits from his or her responsive pleading the defense of lack of personal jurisdiction. *Combs v. Nick Garin Trucking*, 825 F.2d 437, 442, fn. 2 (D.C. Cir. 1987). Thus, a pre-requisite to establishing jurisdiction by means of implied waiver is that the person, over whom jurisdiction is sought, actually appear and defend by responding to the complaint. *See, Golden v. Cox Furniture Manufacturing Co., Inc.*, 683 F.2d 115, 118 (4th Cir. 1982). In the instant case, the district court's docket entries (J.A. at 1-8) affirmatively establish that, at no point ***prior to*** the judgment being rendered against him did petitioner appear as a party. Nor, due to the failure of respondents to file a third party complaint against him, did he ever file a responsive pleading and/or a pre-answer motion to dismiss – ***the only means by which he could have waived the defense of lack of personal jurisdiction***. The absence of any appearance by petitioner, and hence any waiver on his part of any jurisdictional defenses, ***before*** the district court entered judgment against him, renders that judgment void. Indeed, as noted above, in the federal court system, Fed. R. Civ. P. 12 sets forth the only circumstances under which a defendant, including a putative third

party defendant such as petitioner, waives the defense of lack of personal jurisdiction. *Combs*, 825 F.2d at 442, fn. 42; *Golden*, 683 F.2d at 118; *see also, O'Brien v. R.J. O'Brien & Associates, Inc.*, 998 F.2d 1394, 1399 (7th Cir. 1993); *Pila v. G.R. Leasing and Rental Corp.*, 551 F.2d 941 (1st Cir. 1977). Waiver of the defense of lack of personal jurisdiction occurs only where the defendant or third party defendant fails to include the defense in a motion or responsive pleading required by Rule 12. However, Paragraph (a) of Rule 12 requires service of an answer or responsive pleading only "***after*** being served with the summons and complaint," an event that respondents concede never occurred. As noted by the court in *Silva v. Madison*, 69 F.3d 1368 (7th Cir. 1995):

> Requiring a responsive pleading before service is effected is at odds with a fundamental principle of federal procedure – that a responsive pleading is required only after service is effected and the party has been made subject to the jurisdiction of the federal courts. * * * " * * * Moreover, it is well recognized that a 'defendant's actual notice of the litigation is insufficient to satisfy Rule 4's requirements.' "

Silva, 69 F.3d at 1376, *quoting, Mid-Continent Wood Products, Inc. v. Harris*, 936 F.2d 297 (1991) and *Way v. Mueller Brass Co.*, 840 F.2d 303, 306 (5th Cir. 1988).

Because petitioner was not required to file a responsive pleading, the only means by which a party can waive the defense of lack of personal jurisdiction, he did not waive that defense, and therefore the judgment against him is void. Moreover, as this Court noted in *Omni Capital International v. Rudolf Wolff & Co.*, 484 U.S. 97 (1987):

> Before a federal court may exercise personal jurisdiction over a defendant, the procedural requirement of service of summons must be satisfied. "Service of summons is the procedure by

> which a court having venue and jurisdiction of the subject matter of the suit asserts jurisdiction over the person of the party served. " * * * thus before a court may exercise personal jurisdiction over a defendant, there must be more than notice to the defendant * * * .

Omni Capital, 484 U.S. at 104, *quoting, Mississippi Publishing Corp. v. Murphree*, 326 U.S. 438, 444-45 (1946).

Thus, despite the Federal Circuit Court's reasoning that petitioner had notice of the proceedings against him, his alleged notice was insufficient to obtain jurisdiction over him. There being no jurisdiction over petitioner, and no means by which petitioner could waive that jurisdiction, the decisions below must be reversed. Indeed, as noted by the court in *Orange Theatre Corp. v. Rayherstz Amusement Corp.*, 139 F.2d 871, 873 (3rd Cir. 1944), *cert. den. sub nom., Orange Theatre Group v. Brandt*, 322 U.S. 740 (1944), petitioner would have been within his rights "to ignore the whole proceeding * * * " without risking an enforceable judgment being rendered against him. Inasmuch as no answer or responsive pleading was required of petitioner, there was no failure on his part to assert lack of jurisdiction as a defense, and hence there was no waiver on his part of that defense. Accordingly, the judgment of the district court should be reversed because the court lacked personal jurisdiction over petitioner.

Moreover, this Court repeatedly has held: "The consistent constitutional rule has been that a court has no power to adjudicate a personal claim or obligation unless it has jurisdiction over the person of the defendant." *Zenith*, 395 U.S. at 99, *citing, Pennoyer v. Neff*, 95 U.S. 714 (1878) and *Vanderbilt v. Vanderbilt*, 354 U.S. 416 (1957).

Because, in the instant case, the district court, prior to judgment, never obtained jurisdiction over petitioner, either by service of process or by waiver, it lacked power

to render judgment against him. Accordingly, that judgment must be reversed.

Finally, this Court has made clear that a judgment rendered without valid service of process and without jurisdiction over the person is "not merely voidable" but indeed, it is "void." *McDonald v. Mabee*, 243 U.S. 90, 93 (1917). Because respondents have conceded that there was no service of process on petitioner, and there being no waiver of the defense of lack of personal jurisdiction, the district court's judgment against petitioner is void. Accordingly, the decisions of the district court and the court of appeals should be reversed, and the judgment against petitioner vacated.

Respondents have gone to great lengths to argue that petitioner, by his ***post*** judgment motion to amend the judgment, has waived the defense of lack of personal jurisdiction. However, this argument is misplaced because, as noted above, the judgment in the instant case is not merely voidable, but rather is void. As a void judgment it can never be rendered valid regardless of how many alleged post judgment appearances petitioner has made. No amount of post judgment appearances can rectify the failure of the district court to obtain jurisdiction over his person ***prior to rendering judgment against him***. Because the district court lacked jurisdictional power to render the judgment in the first place, it should be reversed notwithstanding petitioner's alleged post judgment appearances.

Moreover, it is well settled that a party's mere appearance in an action, standing alone, is ***not*** sufficient, as respondents have argued, to waive the defense of lack of personal jurisdiction. In *Orange Theatre, supra*, the defendants had appeared in the action through counsel and had filed a motion to dismiss on the basis of improper venue, the court's granting of which the circuit

court of appeals reversed. On remand, the district court granted the defendants an extension of time within which to answer or otherwise move to the plaintiff's complaint. Again, the defendants moved to dismiss, and again the district court granted the motion. Upon its second review, the Third Circuit Court of Appeals determined that despite the defendants' previous appearance when they moved to change venue, the trial court lacked personal jurisdiction over them. The court noted:

> The question then arises whether by thus voluntarily placing themselves under the court's power the individual defendants lost the right to assert the original lack of jurisdiction over their persons.

Orange Theatre, 139 F.2d at 874.

The court then discussed the concept of "special appearances" that challenged personal jurisdiction as practiced in federal courts prior to the adoption of the Federal Rules of Civil Procedure. The court then held:

> We think that the Rules of Civil Procedure call for the use of similar restraint on the part of the federal courts in the exercise of their power over a defendant who has voluntarily appeared to defend an action against him but who desires also to raise a jurisdiction defense. Under Civil Procedure Rule 12 such a defendant is expressly given the right, at his option, to assert by motion before answer or in his answer itself a jurisdiction defense such as that of lack of jurisdiction over his person. * * * The rule requires the court to decide ***without reference to the voluntary appearance*** the question of jurisdiction thus raised and, if the question is decided in the defendant's favor, to refrain from further exercising over him the power which his appearance has given it.

Id., at 874 [emphasis added].

In the instant case, petitioner's post-judgment appearance did not waive his defense of lack of personal jurisdiction. As of that date, there having been no third party complaint, and no service of process of that complaint, no answer or responsive motion was due, and therefore, there was no obligation on his part to raise lack of personal jurisdiction as a defense. *Silva*, 69 F.3d at 1376; *see also, Printed Media Services v. Solna Web, Inc.*, 11 F.3d 838 (9th Cir. 1993). Because, prior to judgment having been rendered against him, petitioner did not waive as a defense the district court's failure to serve him with process and obtain jurisdiction over his person, the judgment is void, and petitioner is entitled to have it vacated. As was the situation in *Orange Theatre*, petitioner was no more required to raise "lack of jurisdiction in his "first defensive move" (as respondents have argued), than were the defendants in *Orange Theatre*.

The court in *Pacific Lanes, Inc. v. Bowling Proprietors Association of America, Inc.*, 248 F. Supp. 347 (D. Or. 1965), reached a result similar to the result which the court reached in *Orange Theatre*. In *Pacific Lanes*, the defendant sought to challenge service of process and personal jurisdiction after having entered an appearance in the action. The court, noting "a defendant may challenge the jurisdiction over his person at any time before answer," quashed service of the summons and complaint and held:

> Even though the defendant on these facts, made a general appearance, it retains the right to challenge the jurisdiction over its person and has a right to withdraw the appearance.

Pacific Lanes, 248 F. Supp. at 348-49.

In the instant case, just as in *Pacific Lanes*, petitioner's post judgment appearance did not waive his right to challenge the lack of service of process upon him, and there being no such service of process, the judgment against him should be reversed.

CONCLUSION

For the reasons stated in Part I, the judgment of the district court should be reversed and respondents' claims for attorneys' fees against petitioner should be dismissed with prejudice. For the reasons stated in Parts II and III, the judgment of the district court should be reversed and the cause remanded for proceedings in accordance with the Federal Rules of Civil Procedure and the Fifth Amendment to the United States Constitution.

Respectfully submitted,

DEBRA J. DIXON
(Counsel of Record)
JAMES L. DEESE
DEBRA J. DIXON & ASSOCIATES
700 West St. Clair Avenue
Suite 216
Cleveland, Ohio 44113
(216) 621-9100

Attorneys for Petitioner

Feb 17 2000 (5)

Supreme Court, U.S.
FILED
FEB 17 2000
CLERK

No. 99-502

In The

Supreme Court of the United States

DONALD E. NELSON,

Petitioner,

v.

ADAMS, USA, INC. and APEHEAD MANUFACTURING, INC.,

Respondents.

On Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

BRIEF OF RESPONDENTS

JACK ALLEN WHEAT
(Counsel of Record)
VANCE ARMENTROUT SMITH
JOEL THOMAS BERES
JOHN WILLIAM SCRUTON
STITES & HARBISON, PLLC
400 W. Market Street, Suite 1800
Louisville, Kentucky 40202-3352
(502) 587-3400

Counsel for Respondents

COCKLE LAW BRIEF PRINTING CO., (800) 225-6964
OR CALL COLLECT (402) 342-2831

BEST AVAILABLE COPY

58 pp

QUESTION PRESENTED

Whether a patent applicant who engaged in inequitable conduct may be joined as a party and held liable for attorneys' fees in litigation instituted by his corporation to enforce patents obtained as the fruits of his inequitable conduct, and if so, whether the District Court abused its discretion when it allowed such joinder.

PARTIES TO THE PROCEEDING

The Brief of Petitioner accurately lists the parties to this proceeding.

There is no parent or publicly held company owning 10% or more of the stock of Respondent Adams, USA, Inc.

There is no parent or publicly held company owning 10% or more of the stock of Respondent Apehead Manufacturing, Inc.

TABLE OF CONTENTS

Page

QUESTION PRESENTED i

PARTIES TO THE PROCEEDING ii

TABLE OF CONTENTS iii

TABLE OF AUTHORITIES iv

COUNTERSTATEMENT OF THE CASE 1

SUMMARY OF ARGUMENT 9

ARGUMENT 10

I. THE FRAUD ON THE PATENT AND TRADEMARK OFFICE COMMITTED BY NELSON JUSTIFIES THE FEE AWARD ASSESSED AGAINST HIM 10

II. NELSON IS COLLATERALLY ESTOPPED FROM CHALLENGING THE DETERMINATION THAT ADAMS IS ENTITLED TO AN ATTORNEYS' FEE AWARD BASED ON NELSON'S INEQUITABLE CONDUCT 22

III. NELSON WAS AFFORDED DUE PROCESS 28

IV. NELSON WAIVED THE DEFENSES HE BELATEDLY SEEKS TO RAISE 32

A. Nelson Waived The Jurisdictional Defenses By Not Raising Them In His "First Defensive Move." 32

B. Nelson Is Precluded From First Raising With This Court Any Issues Not Raised In The Intermediate Appellate Court 41

CONCLUSION 47

TABLE OF AUTHORITIES

Page

CASES

A. Stucki Co. v. Schwam, 634 F.Supp. 259 (E.D. Pa. 1986) 27

A.B. Chance Company v. RTE Corporation, 854 F.2d 1307 (Fed. Cir. 1988) 17

Alger v. Hayes, 452 F.2d 841 (8th Cir. 1972) 34, 38

American Surety Company v. Baldwin, 287 U.S. 156 (1932) 32, 39

Arbrook, Inc. v. American Hospital Supply Corporation, 645 F.2d 273 (5th Cir. 1981) 13, 14

Backo v. Local 281, United Brotherhood of Carpenters and Joiners, 308 F.Supp. 172 (N.D.N.Y. 1969), *aff'd*, 438 F.2d 176 (2d Cir. 1970) 37

Baldwin v. Iowa State Traveling Men's Association, 283 U.S. 522 (1931) 34

Bally Export Corp. v. Balicar, Ltd., 804 F.2d 398 (7th Cir. 1986) 39

Barnstead Broadcasting Corporation v. Offshore Broadcasting Corporation, 869 F.Supp. 35 (D.D.C. 1994) 34, 37

Bayer Aktiengesellschaft v. Duphar International Research B.V., 738 F.2d 1237 (Fed. Cir. 1984) 14

Brickner v. Voinovich, 977 F.2d 235 (6th Cir. 1992) 47

Browning-Ferris Industries v. Kelco Disposal, 492 U.S. 257 (1989) 44, 45

Carter v. Powell, 104 F.2d 428 (5th Cir. 1939) 30, 31, 46

TABLE OF AUTHORITIES – Continued

Page

Coleman v. Kaye, 87 F.3d 1491 (3d Cir. 1996) 35, 41

Combs v. Nick Garin Trucking, 825 F.2d 437 (D.C. Cir. 1987) 33

Consolidated Rail Corporation v. Grand Trunk Western Railroad, 592 F.Supp. 562 (E.D. Pa. 1984) 34

Continental Bank N.A. v. Meyer, 10 F.3d 1293 (7th Cir. 1993) 35, 38

Deyerle v. Wright Manufacturing Company, 496 F.2d 45 (6th Cir. 1947) 15

Duignan v. United States, 274 U.S. 195 (1927) 45

Eltech Systems Corp. v. PPG Industries, Inc., 903 F.2d 805 (Fed. Cir. 1990) 15

Engineers Ass'n v. Sperry Gyroscope Co., 251 F.2d 133 (2d Cir. 1957) 30, 31, 46

F.D.I.C. v. Mijalis, 15 F.3d 1314 (5th Cir. 1994) 46

FMC Corp. v. Manitowoc Co., 835 F.2d 1411 (Fed. Cir. 1987) 11

Hansberry v. Lee, 311 U.S. 32 (1940) 23, 24

Heckler v. Campbell, 461 U.S. 458 (1983) 46

Hoover Group, Inc. v. Custom Metalcraft Inc., 84 F.3d 1408 (Fed. Cir. 1996) 20, 21

Hospital Mortgage Group, Inc. v. Parque Indus. Rios Canas, Inc., 653 F.2d 54 (1st Cir. 1981) 33

Hughes v. Novi American, Inc., 724 F.2d 122 (Fed. Cir. 1984) 21, 22

TABLE OF AUTHORITIES – Continued

Page

Insurance Corp. of Ireland, Ltd. v. Compagnie des Bauxites de Guinee, 456 U.S. 694 (1982) 33

J. Slotnik Co. v. Clemco Industries, 127 F.R.D. 435 (D. Mass. 1989) 39

Kentucky v. Graham, 473 U.S. 159 (1985) 18

La Bounty Manufacturing, Inc. v. U.S. International Trade Commission, 958 F.2d 1066 (Fed. Cir. 1992) 11

Machinery Corporation of America v. Gullfiber, 774 F.2d 467 (Fed. Cir. 1985)..... 13, 15, 17, 22

Manchester Knitted Fashions, Inc. v. Amalgamated Cotton Garment Fund, 967 F.2d 688 (1st Cir. 1992) 37

Martin v. Wilks, 490 U.S. 755 (1989) 23, 25

McCoy v. Massachusetts Institute of Technology, 950 F.2d 13 (1st Cir. 1991) 47

Molins PLC v. Textron, Inc., 48 F.3d 1172 (Fed. Cir. 1995)..... 11

Monolith Portland Midwest Company v. Kaiser Aluminum & Chemical Corporation, 407 F.2d 288 (9th Cir. 1969) 16, 17, 19

Montana v. United States, 440 U.S. 147 (1979) 23, 25, 26, 28

Moore Ice Cream Co. v. Rose, 289 U.S. 373 (1933) 39

Mother's Restaurant, Inc. v. Mama's Pizza, Inc., 723 F.2d 1566 (Fed. Cir. 1983).....26, 27

Mullane v. Central Hanover Bank and Trust Company, 339 U.S. 306 (1950) 29

TABLE OF AUTHORITIES – Continued

Page

Neirbo Co. v. Bethlehem Shipbuilding Corp., 308 U.S. 165 (1939)..... 33

Nester v. Hershey, 425 F.2d 504 (D.C. Cir. 1969)..... 36

Newman v. Piggie Park Enterprises, Inc., 390 U.S. 400 (1968)..... 18

O'Brien v. R. J. O'Brien & Assoc., Inc., 998 F.2d 1394 (7th Cir. 1993).....38, 40

Ohio Cellular Products v. Adams, USA, Inc., 104 F.3d 376 (table), 41 USPQ2d 1538 (full opinion) (Fed. Cir. 1996) 1

Ohio Cellular Products Corporation v. Adams USA, Inc., 175 F.3d 1343 (Fed. Cir. 1999)..... 4, 6, 38

Orange Theatre Corporation v. Rayherstz Amusement Corporation, 139 F.2d 871 (3d Cir. 1944), *cert. denied sub nom., Orange Theatre v. Brandt*, 322 U.S. 740 (1944) 40, 41

Orthokinetics, Inc. v. Safety Travel Chairs, Inc., 806 F.2d 1565 (Fed. Cir. 1986)..... 20

Pardazi v. Cullman Medical Center, 896 F.2d 1313 (11th Cir. 1990).....36, 38

People of the State of Illinois, ex rel. Neil F. Hartigan v. Peters, 871 F.2d 1336 (7th Cir. 1989) 39

Precision Instrument Manufacturing Company v. Automotive Maintenance Machinery Company, 324 U.S. 806 (1945) 12

Preferred RX, Inc. v. American Prescription Plan, Inc., 46 F.3d 535 (6th Cir. 1995)..... 46

TABLE OF AUTHORITIES – Continued

Page

Pusey v. Dallas Corp., 938 F.2d 498 (4th Cir. 1991) 38

Reactive Metals and Alloys Corp. v. ESM, Incorporated, 769 F.2d 1578 (Fed. Cir. 1985) 15

Rohm & Haas Company v. Crystal Chemical Company, 736 F.2d 688 (Fed. Cir. 1984) 14, 15

Rowley v. McMillan, 502 F.2d 1326 (4th Cir. 1974) 36

Southern Pacific R. Co. v. United States, 168 U.S. 1 (1897) 23

Sparks Nugget, Inc. v. Commissioner of Internal Revenue, 458 F.2d 631 (9th Cir. 1972) 27

Stevenson v. Sears, Roebuck & Company, 713 F.2d 705 (Fed. Cir. 1983) 16

T & R Enterprises, Inc. v. Continental Grain Company, 613 F.2d 1272 (5th Cir. 1980) 36, 37

Tidewater Patent Development Co., Inc. v. Kitchen, 421 F.2d 680 (4th Cir. 1970) 27

Trans World Airlines, Inc. v. Mattox, 897 F.2d 773 (5th Cir. 1990), *cert. denied*, 498 U.S. 926 (1990) 37

True Temper Corporation v. CF&I Steel Corporation, 601 F.2d 495 (10th Cir. 1979) 17

Trustees of Central Laborers' Welfare Fund v. Lowery, 924 F.2d 731 (7th Cir. 1991) 39, 40

Turner v. Kirkwood, 62 F.2d 256 (10th Cir. 1932) 39

United States v. Gajewski, 419 F.2d 1088 (8th Cir. 1969) 30

TABLE OF AUTHORITIES – Continued

Page

United States v. Gluklick, 801 F.2d 834 (6th Cir. 1986) 33

Veeck v. Commodity Enter., Inc., 487 F.2d 423 (9th Cir. 1973) 33

Wyrough & Loser, Inc. v. Pelmor Laboratories, Inc., 376 F.2d 543 (3d Cir. 1967) 37

Yeldell v. Tutt, 913 F.2d 530 (8th Cir. 1990) 34

Zelson v. Thomforde, 412 F.2d 56 (3d Cir. 1969) 36, 41

Zenith Corp. v. Hazeltine, 395 U.S. 100 (1969) 41

STATUTES AND RULES

35 U.S.C. § 285 .....passim

42 U.S.C. § 1988 18

Fed. R. Civ. P. 60(b) 6, 43

OTHER AUTHORITIES

S. Rep. No. 1503, 79th Cong., 2d Sess. (1946), *reprinted in* 1946 U.S. Code Cong. Serv. 1336, 1387 13

S. Rep. No. 94-1011, 94th Cong., 2d Sess. (1976), *reprinted in* 5 U.S.C.C.A.N. 5908 18

17 *Wright and Miller on Federal Practice* § 4036 (2d ed. 1988) 17, 23, 29, 44

Fletcher Cyclopedia of the Law of Private Corporations § 1143 21

Prosser, Handbook of the Law of Torts, 4th ed. § 52 20

Restatement (Second) of Judgments § 39 (1982) 27

COUNTERSTATEMENT OF THE CASE

This petition is brought by Donald Nelson, the president and sole shareholder of Ohio Cellular Products, Inc. ("OCP"). Nelson's company, OCP, brought this action claiming that Respondents Adams USA, Inc. and Apehead Manufacturing, Inc. (collectively, "Adams") were infringing OCP's rights in patents originally issued to Nelson and a co-inventor. On October 11, 1995, the District Court granted summary judgment against OCP on the ground that the patents were invalid, holding that they were anticipated by U.S. Patent No. 4,524,037 (the "Marc '037 patent"). The District Court's decision invalidating the patents was upheld on appeal to the U.S. Court of Appeals for the Federal Circuit in an opinion dated December 23, 1996. *See Ohio Cellular Products v. Adams USA, Inc.*, 104 F.3d 376 (table), 41 USPQ2d 1538 (full opinion) (Fed. Cir. 1996). The invalidation of the patents is the law of the case.

While the appeal was pending, Adams sought an award of attorneys' fees. After the invalidation of the patents was affirmed, on February 12, 1997, the District Court held that Adams was entitled to an attorneys' fee award based on inequitable conduct committed by Nelson before the United States Patent and Trademark Office ("PTO"). OCP moved to vacate and reconsider the award of attorneys' fees. In its September 25, 1997 opinion denying that motion, the District Court explained that the attorneys' fee award was proper because of Nelson's inequitable conduct:

> Based on the depositions, affidavits, and testimony adduced at the evidentiary hearing, the Court finds that *Donald Nelson* knew, prior to

> 1992 of the [pertinent prior art]. . . . *Nelson* did not disclose that information to the PTO . . . , although he knew the information was material. The Court finds further that *Nelson's* conduct manifests a sufficiently culpable state of mind to warrant a determination that it resulted from an intent to mislead the PTO. Therefore, Plaintiff is guilty of inequitable conduct before the PTO, and is liable to Defendants for their reasonable legal fees expended in this case.

Appendix to Petition for Cert. at p. 65 (emphasis added).

It then appearing OCP would be rendered insolvent, and because the fee award was based on inequitable conduct solely committed by Nelson, Adams moved to amend its third-party complaint to name Nelson as a party and to amend the judgment to name Nelson as an additional party against whom the judgment was entered. OCP – controlled by Nelson, and on his behalf – opposed that motion.[1]

The District Court granted that motion, thereby adding Nelson as an additional party obligated on the judgment. The joinder was based on the clear evidence that Nelson controlled the litigation on behalf of OCP, that Nelson and OCP had a unity of interest in the litigation, and that Nelson was personally responsible for the inequitable conduct on which the attorneys' fee award was based. The District Court held:

---

[1] *See* Nelson's Corrected Brief on Appeal filed with the Federal Circuit at pp. 6-7 ("*Over the objections of Donald Nelson,* the lower court granted the defendants' motion thereby subjecting Donald Nelson to liability for the attorney fees and costs. . . . ") (emphasis added).

> [T]here is no dispute that Defendants' claim against Nelson arises out of the same conduct set forth in the original pleadings – inequitable conduct before the PTO. Indeed, *the Court's finding that the Plaintiff corporation had engaged in inequitable conduct before the PTO was based on a factual determination that Nelson had intentionally failed to disclose a material piece of prior art to the PTO.* . . .
>
> . . . . Nelson is the president and sole shareholder of the Plaintiff corporation; thus, *the identity of interest between the two parties is near-complete.* Nelson had every reason to believe from the moment that Plaintiff corporation instituted this action that every penny the corporation spent would be a penny out of his own pocket. Further, Nelson has been actually aware of and involved in this litigation from its outset; *he was the motivating force behind the institution of the lawsuit.* He has diligently – even fiercely – acted to protect his interests at every stage of the proceedings.

Appendix to Petition for Cert. at p. 74 (emphasis added).

Having been added as a defendant against whom the judgment was entered, Nelson fought vigorously to escape that result. On April 8, 1998, Nelson, *appearing individually,* brought a motion to amend the judgment to delete him as a party. In that motion, Nelson argued (1) that 35 U.S.C. § 285 does not allow an award of attorneys' fees against an individual who engaged in inequitable conduct before the PTO on behalf of a corporation, and (2) that he could not be held liable under § 285 because he was not a party to the litigation. *See* Motion of Donald Nelson to Alter & Amend March 25, 1998 Memorandum

Opinion and Judgment Entry and the Reply of Donald Nelson to Response of Adams, USA, Inc. to His Motion to Alter & Amend March 25, 1998 Memorandum Opinion and Judgment Entry. (Docket Entries Nos. 133 and 146 [J.A. at 30-31].) The District Court considered those arguments and rejected them, denying Nelson's motion on May 18, 1998. *See* Appendix to Petition for Cert. at pp. 78-81. (*See also* Docket Entries Nos. 150 and 151 [J.A. at 32]). In that motion, Nelson *did not raise the issues of due process, personal jurisdiction, or service of process, nor did he challenge the finding of inequitable conduct.*

On June 11, 1998, Nelson, *again appearing as an individual,* filed a response opposing Defendants' Supplemental Petition for Attorneys' Fees. *See* Response of Ohio Cellular Products Corporation and Donald Nelson to Defendants' Supplemental Petition for Attorneys' Fees. (Docket Entry No. 156 [J.A. at 33].) Again, Nelson *did not raise the issues of due process, personal jurisdiction, or service of process, nor did he challenge the finding of inequitable conduct.*

On June 16, 1998, Nelson appealed to the Federal Circuit, arguing that the District Court's entry of judgment against him was improper because 35 U.S.C. § 285 does not allow for the imposition of an attorneys' fee award against a non-party. (*See* Docket Entry No. 157 [J.A. at 33].) On April 26, 1999, the Federal Circuit affirmed the District Court. *See Ohio Cellular Products Corporation v. Adams USA, Inc.*, 175 F.3d 1343 (Fed. Cir. 1999). The Federal Circuit noted Nelson's control over OCP and his responsibility for the inequitable conduct:

> Nelson, as an inventor of the '702 patent and president and sole shareholder of Ohio Cellular, was intimately involved in the prosecution of the '702 patent and *his conduct was the sole basis for the district court's conclusion that Ohio Cellular committed inequitable conduct.*

Appendix to Petition for Cert. at p. 20 (emphasis added). The Federal Circuit rejected Nelson's contention that he had appropriately informed his attorney:

> . . . Nelson alone was responsible for the inequitable conduct. There is no evidence before us, moreover, that the attorney who prosecuted the application was aware of the undisclosed material prior art. Instead, it appears that Nelson withheld the prior art from his attorney and thus from the Patent Office.

Appendix to Petition for Cert. at p. 19, n.3. The Federal Circuit further found that Nelson controlled the litigation on OCP's behalf:

> [A]s president and sole shareholder of Ohio Cellular Nelson could control and did control litigation decisions made on behalf of Ohio Cellular . . . [and] as the person solely responsible for the inequitable conduct and as a president and sole shareholder of Ohio Cellular, Nelson should have known he could be held personally liable.

Appendix to Petition for Cert. at pp. 27-28. *In that appeal, Nelson still did not raise the issues of due process, personal jurisdiction, or service of process.* Although challenging whether he could be held personally liable, **Nelson stated he was not challenging the finding he committed the**

inequitable conduct. *See* Petition for Rehearing and Suggestion for Rehearing in Banc filed with the Federal Circuit at p. 2, n.1 (Although the commission of inequitable conduct "was disputed in the district court . . . no argument was presented on appeal . . . ."). *See also* Corrected Brief for Appellant filed with the Federal Circuit at p. 5, n.1. As the Federal Circuit held, "Nelson does not here contest the holding of inequitable conduct." *Ohio Cellular, supra,* 175 F.3d at 1348.

On May 7, 1999, Nelson requested rehearing *en banc* of the Federal Circuit's decision. There Nelson argued that he was prejudiced by Adams' delay in seeking to amend the third-party complaint to name him as a party.[2] *Nelson still did not raise the issues of due process, personal jurisdiction, or service of process, nor did he challenge the finding of inequitable conduct.*

Not until after the denial of *en banc* review did Nelson challenge the District Court's exercise of jurisdiction over him. Nelson began pursuing that new legal theory when, shortly before filing his Petition for Writ of Certiorari, he requested that the District Court grant relief from the judgment under Fed. R. Civ. P. 60(b). The District Court denied that motion on the grounds that the jurisdiction argument had been waived, holding: "It is not disputed that Nelson did not, in any of his prior

---

[2] Nelson has now abandoned that argument. In his Petition for Writ of Certiorari, he concedes the District Court's decision to allow amendment, to join him as a party, and to do so after judgment was rendered is "clearly . . . consistent with the purpose and spirit of the Federal Rules of Civil Procedure." Petition for Cert. at p. 7.

pleadings, make the objections [to personal jurisdiction] he now seeks to raise." Appendix to Respondents' Brief in Opposition to Petition for Cert. at p. 6. Nelson's appeal of that decision is currently pending before the Federal Circuit. Although he never raised the issue in either the District Court or the Federal Circuit in the record on review, Nelson now attempts to assert the personal jurisdiction issue in this Court.

Similarly, in the appeal below, Nelson acknowledged he was not challenging the finding of inequitable conduct. Now he attempts to revive that issue as well. Lest there be any doubt, the record is replete with extensive support for the District Court's finding of fact that Nelson personally engaged in inequitable conduct more than adequate to support the finding this is an "exceptional case" warranting a fee award. *See, e.g.,* Brief of Appellees filed with the Federal Circuit at pp. 5-10 (summarizing evidence supporting District Court finding).

Nelson's own deposition testimony establishes that he became familiar with the pertinent prior art process disclosed in the Marc '037 patent in 1984 when it was practiced by FoamAid, a company for which Nelson was a Manufacturer's Representative. [J.A. at 103-05]. Testimony of David Halstead established Nelson's personal knowledge of the Marc/FoamAid process. Halstead testified that in early 1985, he met with Nelson at FoamAid. In that meeting, the Marc process was demonstrated to Halstead and Nelson. [J.A. at 140-49].

Nelson's co-inventor, James Lammy, was also familiar with the Marc/FoamAid process. Lammy's counsel

advised him not to execute the required inventor's declaration in connection with the application that matured into one of the patents in issue. Lammy informed Nelson that he would not sign the inventor's declaration. [J.A. at 204]. Nelson then actively misled the PTO concerning Lammy's refusal to sign the declaration, referring the PTO to irrelevant Marc patents rather than the Marc '037 patent disclosing the Marc/FoamAid process. [J.A. at 110-20].

The Patent Examiner allowed the patent to issue, but only after warning that issuance was allowed because the Examiner was not familiar with any patent or other "teaching or suggestion" disclosing the process. [J.A. at 208]. The Examiner specifically warned that if Nelson had any information bearing on the expressed reasons for allowance, he should promptly submit that information to the Examiner. [J.A. at 208]. Nelson did nothing to notify the Examiner of his knowledge of the Marc/FoamAid process, nor did he otherwise disclose the Marc '037 patent. [J.A. at 118-19]. Based on this and other evidence supporting a finding of intentional withholding of information by Nelson, the District Court found this to be an "exceptional case" within the meaning of 35 U.S.C. § 285 and entered judgment against OCP for attorneys' fees.

Although not challenging the finding of inequitable conduct in the appellate court below, Nelson now claims he fully informed the PTO of the preexisting process. Quite to the contrary, in the hearing on OCP's motion to reconsider the award of attorneys' fees, Nelson acknowledged his failure to disclose this information to the PTO:

Q. . . . [Y]ou did not know about the process prior to filing your patent application?

A. I knew about the FoamAid process, yes.

Q. But never disclosed it to the Patent and Trademark Office?

A. No.

[J.A. at 187-88]. [*See also* J.A. at 119].

SUMMARY OF ARGUMENT

A patent applicant has an "uncompromising duty" of candor to the Patent and Trademark Office that requires the applicant to disclose any and all pertinent prior art. Failure to satisfy the duty of candor constitutes inequitable conduct, and renders any litigation based on the wrongfully issued patents "exceptional" so as to support an attorney fee award under 35 U.S.C. § 285. The courts below held that Petitioner Donald Nelson committed inequitable conduct in failing to disclose a known prior technology that invalidated Nelson's patents. That finding was fully supported by the evidence, including Nelson's own testimony, and justifies the attorneys' fee award entered by the District Court. The fee award satisfies the policy of the Patent Act to deter wrongful conduct and prevent gross injustice to the wrongfully accused infringer, Adams. Nelson's liability is also consistent with the familiar principle of tort law that an individual is responsible for his tortious acts, even though liability may be imputed to another.

Even if this action were remanded, Nelson would be collaterally estopped from relitigating the determination that he committed sanctionable inequitable conduct. Nelson is bound by that finding because the issue was fully litigated by his corporation, Ohio Cellular Products, with which he shared an identity of interest, whose actions he controlled, and with which he is in privity for collateral estoppel purposes.

Nelson's due process challenge and his challenge to personal jurisdiction are without merit. Nelson has received due process because he had notice and the opportunity to be heard, and was in fact heard on numerous occasions. Moreover, Nelson waived any due process objection, and any objection to personal jurisdiction, by failing to raise them in his first defensive move, or indeed anywhere below. Nelson did not raise those defenses until after he had fully litigated an appeal before the Federal Circuit. A party who makes post-judgment appearances without raising the defenses of lack of due process or personal jurisdiction waives those defenses.

ARGUMENT

I. THE FRAUD ON THE PATENT AND TRADEMARK OFFICE COMMITTED BY NELSON JUSTIFIES THE FEE AWARD ASSESSED AGAINST HIM.

The process by which one seeks a patent from the PTO, commonly known as patent prosecution, is an *ex parte* proceeding. Consequently, patent applicants are charged with the duty of utmost good faith and candor

requiring them to disclose to the PTO all known pertinent prior technology ("prior art").

> Applicants for patents are required to prosecute patent applications in the PTO with candor, good faith and honesty. See *Precision Instrument Mfg. Co. v. Automotive Maintenance Mach. Co.*, 324 U.S. 806, 818 (1945). . . . A breach of this duty constitutes inequitable conduct.

Molins PLC v. Textron, Inc., 48 F.3d 1172, 1178 (Fed. Cir. 1995). *See also La Bounty Manufacturing, Inc. v. U.S. International Trade Commission*, 958 F.2d 1066, 1070 (Fed. Cir. 1992).

Our patent system does not forgive neglect of this obligation because –

> One who has engaged in inequitable conduct has inflicted damage on the patent examining system, obtaining a statutory period of exclusivity by improper means, and on the public, which must face an unlawfully-granted patent.

Molins, supra, 48 F.3d at 1182.

The following three elements establish inequitable conduct, also commonly referred to as "fraud on the PTO":

> (1) prior art or information that is material; (2) knowledge chargeable to the applicant of that prior art or information and of its materiality; and (3) failure of the applicant to disclose the art or information resulting from an intent to mislead the PTO.

FMC Corp. v. Manitowoc Co., 835 F.2d 1411, 1415 (Fed. Cir. 1987).

As this Court noted long ago, inequitable conduct causes the intolerable fraud on the public resulting from violation of a patent applicant's "uncompromising duty" of candor to the PTO.

> Those who have applications pending with the Patent Office . . . have an uncompromising duty to report to it all facts concerning possible fraud or inequitableness underlying the applications in issue [citation omitted]. Their duty is not excused by reasonable doubts as to the sufficiency of the proof of the inequitable conduct nor by resort to independent legal advice. Public interest demands that all facts relevant to such matters be submitted formally or informally to the patent office, which can then pass upon the sufficiency of the evidence. Only in this way can that agency act to safeguard the public in the first instance against fraudulent patent monopolies. Only in that way can the Patent Office and the public escape from being classed among the 'mute and helpless victims of deception and fraud.' [Citation omitted.]

Precision Instrument Manufacturing Company v. Automotive Maintenance Machinery Company, 324 U.S. 806, 818 (1945).

The District Court expressly found the patents in issue were obtained as the fruits of "inequitable conduct" committed by Nelson in the course of the patent prosecution process.

> Indeed, the Court's finding that the Plaintiff corporation had engaged in inequitable conduct before the PTO was based on a factual determination that Nelson had intentionally failed to disclose a material piece of prior art to the PTO. Nelson personally claimed to be the inventor of

> the process for which he sought and obtained the patents that were subsequently invalidated by this Court. Nelson is the president and sole shareholder of the Plaintiff corporation. The evidence is clear that Nelson was personally involved in all aspects of the Plaintiff corporation's operations, including the prosecution of the invalid patents and the filing of the instant lawsuit.

March 25, 1998 Memorandum Opinion reprinted in Appendix to Petition for Cert. at p. 74.

The legislative history of the patent fee award statute provides courts may grant an award if necessary to "prevent a gross injustice to an alleged infringer." S. Rep. No. 1503, 79th Cong., 2d Sess. (1946), *reprinted in* 1946 U.S. Code Cong. Serv. 1336, 1387.

To carry out that policy and this Court's firm denunciation of fraud on the PTO, the Federal Circuit, and prior to that, the regional circuit courts have consistently held that inequitable conduct is a classic example of the type of behavior to be sanctioned through a 35 U.S.C. § 285 attorneys' fee award.

> Such injustice certainly includes situations where a patentee has litigated in bad faith, or committed fraud or other inequitable conduct during prosecution before the Patent and Trademark Office.

Machinery Corporation of America v. Gullfiber, 774 F.2d 467, 472 (Fed. Cir. 1985). *See also Arbrook, Inc. v. American Hospital Supply Corporation*, 645 F.2d 273 (5th Cir. 1981) (same).

Early in the history of the Federal Circuit, that Court surveyed the pre-existing law among the regional circuits relating to § 285 fee awards and summarized the law as follows:

> Cases awarding attorney fees to prevailing patentees have typically found 'exceptional' circumstances in willful and deliberate infringement by an infringer, or in the prolongation of litigation in bad faith. When prevailing alleged infringers are awarded attorney fees, 'exceptional' cases have involved litigation in bad faith by the patentee, or *fraud or other inequitable conduct during prosecution before the PTO. We are also cognizant of the frequently-cited policy considerations in support of the award of attorney fees to a party who succeeds in invalidating 'fraudulent' patents.*

Rohm & Haas Company v. Crystal Chemical Company, 736 F.2d 688, 691-92 (Fed. Cir. 1984). *See also Bayer Aktiengesellschaft v. Duphar International Research B.V.*, 738 F.2d 1237, 1242 (Fed. Cir. 1984) ("[S]uch exceptional circumstances include, inter alia, inequitable conduct during prosecution of a patent, misconduct during litigation, vexatious or unjustified litigation, or a frivolous suit.").

The clear public policy of 35 U.S.C. § 285 is to penalize scienter-based behavior. The broad body of case law interpreting § 285 uniformly holds that where there is fraud, malice, bad faith or similar reprehensible conduct, a "gross injustice" has occurred. "The purpose of § 285 is to prevent gross injustice . . . ." *Arbrook, Inc., supra*, 645 F.2d at 279. More specifically,

> Section 285 of Title 35 permits an award of attorneys' fees in patent cases when the circumstances are exceptional. In *Hoge Warren Zimmerman Co. v. Nurte & Co.*, 295 F.2d 779, 784 (6th Cir. 1961), we noted that 'exceptional circumstances have been interpreted as incorporating concepts of fraud, malice, bad faith and other similar concepts.' In *Uniflow Manufacturing Co. v. King-Seeley Thermos Co.*, 428 F.2d 335, 341 (6th Cir.) cert. denied, 400 U.S. 943, 91 S.Ct. 245, 27 L.Ed.2d 248 (1970), we indicated that an award of attorneys' fees will be upheld if the trial court specifically finds conduct that is unfair, in bad faith, inequitable or unconscionable.

Deyerle v. Wright Manufacturing Company, 496 F.2d 45, 54-55 (6th Cir. 1947).

Likewise, in its early survey of the law relating to patent litigation fee awards, the Federal Circuit noted as follows:

> *'The exercise of discretion* in favor of such an allowance *should be bottomed upon* a finding of *unfairness or bad faith in the conduct of the losing party,* or some other equitable consideration of similar force, *which makes it grossly unjust that the winner of the particular law suit be left to bear the burden of his own counsel fees* which prevailing litigants normally bear.'

Rohm & Haas Co., supra, 736 F.2d at 691 (Court's emphasis). *See also Reactive Metals and Alloys Corp. v. ESM, Incorporated*, 769 F.2d 1578, 1582 (Fed. Cir. 1985) ("[B]ad faith conduct" renders matter "exceptional case" warranting fee award.); *Eltech Systems Corp. v. PPG Industries, Inc.*, 903 F.2d 805, 811 (Fed. Cir. 1990) ("[B]ad faith" is a prerequisite of fee award.); *Machinery Corporation, supra,*

774 F.2d at 473 ("[W]rongful intent" or "gross negligence" must be proven.); and *Stevenson v. Sears, Roebuck & Company*, 713 F.2d 705, 713 (Fed. Cir. 1983) ("There must be some finding of unfairness, bad faith, or inequitable conduct . . . .").

As noted above, a classic example of the "fraud", "bad faith", or "wrongful intent" requisite to support a § 285 fee award is the "inequitable conduct" or "fraud on the PTO" committed by the Patentee – here Donald Nelson.

> An applicant's fraud on the Patent Office is enough standing alone to convert his later infringement action into an exceptional case within the meaning of section 285. But conduct short of fraud and in excess of simple negligence is also an adequate foundation for deciding that a patent action is exceptional. Such conduct is a serious breach of the patentee's duty to the Patent Office. The party who succeeds in invalidating the unlawful patent performs a valuable public service. It is appropriate under such circumstances to reward the prevailing party by giving him attorney's fees for his efforts, and it is equally *appropriate to penalize in the same measure the patentee* who obtained the patent by his wrongdoing. [citations omitted.]

Monolith Portland Midwest Company v. Kaiser Aluminum & Chemical Corporation, 407 F.2d 288, 294 (9th Cir. 1969) (emphasis added). Likewise, as noted by the Tenth Circuit,

> The patentee's conduct in originally obtaining his patent should be scrutinized, since fraud on the Patent Office in that endeavor is enough

> itself to make a case exceptional, as is "conduct short of fraud and in excess of simple negligence."

True Temper Corporation v. CF&I Steel Corporation, 601 F.2d 495, 509 (10th Cir. 1979). *See also A.B. Chance Company v. RTE Corporation*, 854 F.2d 1307, 1312 (Fed. Cir. 1988) ("Inequitable conduct . . . either alone or in conjunction with trial conduct, may constitute the basis for an award of attorney fees.")

Here the District Court found Nelson alone committed inequitable conduct sufficient to support a fee award. Furthermore, because of privity with his company, OCP, Nelson is collaterally estopped from challenging these findings. Nelson did not appeal any of these findings and therefore is precluded from now claiming for the first time he did not commit inequitable conduct egregious enough to support a fee award. *See* 17 *Wright and Miller on Federal Practice* § 4036 at p. 35 (2d ed. 1988) ("[N]ew questions may not be raised for the first time on Supreme Court review.")

Consistent with the policy of § 285 to sanction wrongdoing, it was totally appropriate for the District Court, in its discretion, to assess the fee award against Nelson, the wrongdoer. *See Monolith, supra*, 407 F.2d at 294 ("[I]t is . . . appropriate to penalize . . . the patentee who obtained the patent by his wrongdoing"); and *Machinery Corporation, supra*, 774 F.2d at 475 ("[I]ndividual may be assessed fees under § 285 if his conduct supports a finding that the case is exceptional.").

Although Nelson personally committed the wrongdoing upon which the fee award was based, he seeks to

avoid accountability for his wrongdoing relying on a totally inapposite civil rights case, namely *Kentucky v. Graham*, 473 U.S. 159 (1985). That case, *based upon sovereign immunity*, held a government employer cannot be joined in a lawsuit and held vicariously liable for a fee award based on civil rights violations committed by governmental employees. In other words, the Court held that if the government is immune from liability for *damages* associated with the wrongdoing, then it is also immune from liability for a fee award. *Kentucky v. Graham* did not hold that the person who actually committed the wrongdoing cannot be held accountable for a fee award in cases where fee awards are warranted.

Nelson also proffers a specious analogy to fee awards in the 42 U.S.C. § 1988 context. The fallacy of this attempted analogy is readily apparent if one compares the purpose of 35 U.S.C. § 285 fee awards with the purpose of 42 U.S.C. § 1988 fee awards.

The purpose of an award under the Civil Rights Attorney's Fees Awards Act is to allow a fee recovery to the plaintiff for service "as a 'private attorney general,' vindicating a policy that Congress considered of the highest priority . . . to advance the public interest by invoking the powers of the Federal courts." S. Rep. No. 94-1011, 94th Cong., 2d Sess. (1976), *reprinted in* 5 U.S.C.C.A.N. 5908, 5910 (*quoting Newman v. Piggie Park Enterprises, Inc.*, 390 U.S. 400, 402 (1968)).

Consequently, logic, and the law relied upon by Petitioner, mandate that before an award is recoverable, the "private attorney general" must first obtain more than *de minimus* "results" beneficial to the public interest.

Quite differently, the purpose of a fee recovery in the patent litigation context is not necessarily to reward the prevailing party for results; rather, the purpose is to sanction or penalize wrongdoing. *Monolith, supra*, 407 F.2d at 294 ("[I]t is . . . appropriate to penalize . . . the patentee who obtained the patent by his wrongdoing").

Thus, the correct comparison to be made is to tort law, where the purpose is to hold tortfeasors personally accountable for their wrongdoing. Indeed, Petitioner expressly "agrees with the general applicability of tort principles to the attorneys' fees issue in this case." Reply to Respondents' Brief in Opposition to the Petition for Cert. at p. 4.

It was Nelson who committed the fraud in this action, albeit on behalf of OCP. Nelson wishes to avoid liability for his wrongdoing, seeking to deflect sole liability to his insolvent corporation. Nelson has contended that only the principal is liable when its agent personally commits a tort in service of the principal. Quite to the contrary, it is literally "hornbook" law that when an agent personally commits a tort in service of a principal, and although liability may be imputed to the principal, *the agent remains personally liable.* For instance, in his noted hornbook, Professor Prosser states as follows:

Concerted Action

> Where two or more persons act in concert, it is well settled both in criminal and in civil cases that each will be liable for the entire result. Such concerted wrongdoers were considered 'joint tort feasors' by the early common law. In legal contemplation, there is a joint enterprise, and a mutual agency, so that the act of one is the act of

all, and liability for all that is done must be visited upon each. . . .

Vicarious Liability

The liability of a master for the acts of his servant, or that of a principal for those of his agent, within the scope of the employment or agency, stands upon much the same footing. Under the doctrine of respondeat superior, the master becomes responsible for the same act *for which the servant is liable*, and for the same consequences. Again there is no logical basis for any division of damages between the two.

Prosser, Handbook of the Law of Torts, 4th ed. § 52, pp. 314-315 (emphasis added).

In the patent context, courts uniformly hold that notwithstanding the general immunity to corporate owners engaging in business through a corporate entity, if an owner or employee of the corporation actually *committed* the tort for which liability is imputed to the corporation, the individual is jointly liable and accountable for his wrongdoing, even if grounds do not exist for "piercing" the corporate veil.

> In general, a corporate officer is personally liable for his tortious acts, just as any individual may be liable for a civil wrong. This general rule does not depend on the same ground as 'piercing the corporate veil,' . . . .

Hoover Group, Inc. v. Custom Metalcraft Inc., 84 F.3d 1408, 1411 (Fed. Cir. 1996). *See also Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565, 1579 (Fed. Cir. 1986)

("[O]fficers of a corporation are personally liable for tortious conduct of the corporation if they personally took part in the commission of the tort. . . . ").

Indeed, in *Hoover*, the Federal Circuit specifically noted a corporate official is jointly liable with the corporation when the wrongdoing was attributable to "culpable intent or bad faith on the part of the officer; or . . . personal commitment of a fraudulent or grossly negligent act." *Hoover, supra*, 84 F.3d at 1411. *See also Fletcher Cyclopedia of the Law of Private Corporations* § 1143 where it is noted:

> A corporate officer or agent who commits fraud is personally liable to a person injured by the fraud. In other words, an officer of a corporation actively participating in the fraud practiced by it, cannot escape personal liability on the ground the officer was acting for the corporation. . . . *The corporation also may be liable, but the individual is not thereby relieved of his or her own responsibility.*

Id. (emphasis added).

In the patent prosecution context, it is clear any patentee who commits inequitable conduct, albeit on behalf of a corporate assignee of the invention, is nonetheless personally accountable for such wrongdoing, and in its discretion, the District Court may jointly assess the fee award against the individual wrongdoer. *See, e.g., Hughes v. Novi American, Inc.*, 724 F.2d 122 (Fed. Cir. 1984). In *Hughes*, the patentee was found to have committed inequitable conduct in association with procuring patents later assigned to a corporate entity. Based in part upon Hughes's inequitable conduct, the District Court

found the case to be "exceptional" and assessed a fee award jointly against Hughes individually and Oakwood, the assignee corporation.

In relation to Hughes's appeal of the fee award against him individually, the Court noted that "Hughes was guilty of fraud in procuring the patents." *Id.* at 123. Based in part on his commission of the wrongdoing, the Court found "[n]o abuse of discretion . . . with respect to the award against Hughes." *Id.* at 126.

The District Court here did not "impute" liability to Nelson based on any wrongdoing of OCP. The District Court merely held Nelson accountable for his *own* wrongdoing – completely consistent with pertinent authority which holds "an individual may be assessed fees under § 285 if his conduct supports a finding that the case is exceptional." *Machinery Corporation, supra,* 774 F.2d at 475 (*citing Hughes, supra*).

II. NELSON IS COLLATERALLY ESTOPPED FROM CHALLENGING THE DETERMINATION THAT ADAMS IS ENTITLED TO AN ATTORNEYS' FEE AWARD BASED ON NELSON'S INEQUITABLE CONDUCT.

Nelson argues that despite having had the benefit of multiple hearings below, he should be granted an opportunity to relitigate the issues determined against OCP in the District Court. However, even if this Court were to remand the case to the District Court, the doctrine of collateral estoppel would preclude Nelson from contesting the issues critical to his liability.

The doctrine of collateral estoppel – sometimes referred to as "issue preclusion" – prevents a party from relitigating issues that have been conclusively determined against that party. "A fundamental precept of common-law adjudication, embodied in the related doctrines of collateral estoppel and res judicata, is that a 'right, question or fact distinctly put in issue and directly determined by a court of competent jurisdiction . . . cannot be disputed in a subsequent suit between the same parties *or their privies. . . .* ' " *Montana v. United States,* 440 U.S. 147 (1979) (emphasis added) (*quoting Southern Pacific R. Co. v. United States,* 168 U.S. 1, 48-49 (1897)).

This Court has repeatedly recognized that collateral estoppel is conclusive not only as to the actual parties to prior litigation, but also to those in "privity" with the parties. The District Court correctly determined that Nelson was in privity with OCP, and that he was bound by the determinations against OCP. Nelson did not appeal the finding that he was in privity with OCP, and therefore is precluded from now claiming otherwise for the first time. *See* 17 *Wright and Miller on Federal Practice* § 4036 at p. 35 (2d ed. 1988) ("[N]ew questions may not be raised for the first time on Supreme Court review.")

This Court's prior decisions provide substantial guidance concerning the application of collateral estoppel to persons who were not parties to the litigation in which the issues were determined. The types of situations in which collateral estoppel may *not* be applied were illustrated in *Hansberry v. Lee,* 311 U.S. 32 (1940) and *Martin v. Wilks,* 490 U.S. 755 (1989). The facts there were very different from those of this case.

In *Hansberry*, the plaintiffs sought to invalidate a racially restrictive land-use covenant. The parties to the earlier litigation had stipulated that 95% of owners of the burdened land had originally agreed to the covenant as required for it to take effect. The District Court in the later action held that principles of res judicata bound the Hansberrys to that stipulation. The Hansberrys were neither parties to the prior litigation nor in privity with those who were. In discussing the issue, this Court wrote:

> It is familiar doctrine of the federal courts that members of a class not present as parties to the litigation may be bound by the judgment where they are in fact adequately represented by parties who are present, or where they actually participate in the conduct of the litigation in which members of the class are present as parties, . . . or where for any other reason the relationship between the parties present and those who are absent is such as legally to entitle the former to stand in judgment for the latter.

Hansberry, supra, 311 U.S. at 42-43. The requirements of collateral estoppel were not met there, however, because the parties to the prior litigation sought to *uphold* the restrictive covenant. They could not represent persons *challenging* the covenant's validity. The Hansberrys therefore were not bound by collateral estoppel. *Id.* at 44-46.

Hansberry thus stands for the familiar principle that if a party is to be bound by prior litigation, his interests must have been adequately represented in that litigation. The Court reached a similar result in *Martin, supra*. There, a local NAACP chapter and individual blacks had brought prior litigation based on discrimination in public

employment, which resulted in consent decrees dealing with hiring and promotion of blacks. *Martin* was brought by a group of whites who alleged that they were being unlawfully denied promotions in favor of less-qualified blacks. The defendant employers contended that their activities were required by the consent decrees, and that the action was an impermissible collateral attack on the consent decrees.

The Court cited the general rule that "[a] judgment or decree among parties to a lawsuit resolves issues as among them, but it does not conclude the rights of strangers to those proceedings." *Martin, supra*, 490 U.S. at 762. However, it recognized "an exception to the general rule when . . . a person, although not a party, has his interests adequately represented by someone with the same interests who is a party." *Id.* at 762, n.2. The exception did not apply there because the interests of the white employees were contrary to those of the black employees, precluding collateral estoppel.

Conversely, where the later litigant's interests were adequately represented in the prior litigation, collateral estoppel does preclude relitigation. In *Montana, supra*, a federal contractor unsuccessfully challenged the constitutionality of a Montana tax in litigation directed and financed by the United States. After resolution of that action, the United States pressed a similar challenge in its own name. The State of Montana defended on the grounds that the United States was bound by the prior litigation.

The Court noted that collateral estoppel is "central to the purpose for which civil courts have been established,

the conclusive resolution of disputes within their jurisdictions." *Montana, supra,* 440 U.S. at 153-154. The Court continued:

> To preclude parties from contesting matters that they have had a full and fair opportunity to litigate protects their adversaries from the expense and vexation attending multiple lawsuits, conserves judicial resources, and fosters reliance on judicial action by minimizing the possibility of inconsistent decisions.

Id.

The Court noted that collateral estoppel is applied not only against the parties to the prior litigation. Rather, "one who . . . assists in the prosecution or defense of an action in aid of some interest of his own . . . is as much bound . . . as he would be if he had been a party to the record." *Id.* The Court in *Montana* held that the United States was bound by collateral estoppel based on a three-part inquiry:

> first, whether the issues presented by this litigation are in substance the same as those resolved against the United States in [the contractor litigation]; second, whether controlling facts or legal principles have changed significantly since the state-court judgment; and finally, whether other special circumstances warrant an exception to the normal rules of preclusion.

Id. at 155.

Numerous other courts have reached the same result as in *Montana*. In *Mother's Restaurant, Inc. v. Mama's Pizza, Inc.*, 723 F.2d 1566 (Fed. Cir. 1983), the court held that a

franchisor was collaterally estopped to relitigate trademark issues that its franchisee litigated in an earlier state court action. In a case with facts strikingly similar to those of our case, the court in *A. Stucki Co. v. Schwam*, 634 F.Supp. 259 (E.D. Pa. 1986), held that the president and 50% owner of a corporation, who testified in a patent infringement trial as a representative of his company, could be held personally liable based on the finding of infringement in that action. *See also Tidewater Patent Development Co., Inc. v. Kitchen*, 421 F.2d 680, 681 (4th Cir. 1970) (a nonparty controlling patent litigation for named party is liable for attorneys' fee award); and *Sparks Nugget, Inc. v. Commissioner of Internal Revenue*, 458 F.2d 631 (9th Cir. 1972) (sole shareholder in corporation was collaterally estopped to challenge prior adjudication of fair rental value of property rented by the corporation). Such cases have often looked to whether one of the parties to the prior litigation is sufficiently closely aligned with a non-party as to be his "virtual representative" or whether the non-party "controls or substantially participates in the control" of the prior litigation. *Mother's Restaurant, supra,* 723 F.2d at 1572.

The *Restatement (Second) of Judgments* recognizes the same principle: "A person who is not a party to an action but who controls or substantially participates in the control of the presentation on behalf of a party is bound by the determination of issues decided as though he were a party." *Restatement (Second) of Judgments* § 39, at p. 382 (1982). The rationale for this rule, the reporters explained, is that "[a] person who assumes control of litigation on behalf on [sic] another has the opportunity to present proofs and argument on the issues litigated. Given this

opportunity, he has had his day in court and should be concluded by the result."

The three-part inquiry used in *Montana* shows that Nelson is collaterally estopped by the determinations against OCP. The issues as against Nelson are the precise issues determined against OCP; indeed, OCP's liability for attorneys' fees was predicated on Nelson's own inequitable conduct before the PTO. There is no change in the law, nor are there "special circumstances" that would preclude holding Nelson liable for the consequences of his own actions.

It is both fair and reasonable to hold Nelson to the findings in the litigation, whether based on the *Montana* analysis or on a finding of "virtual representation" or "substantial control." Nelson satisfies all of those tests. Nelson was the president and sole shareholder of OCP. As such, he directed OCP's actions in the litigation, was at all times aware of the status and strategy, and participated as a witness. Moreover, Nelson's inequitable conduct was the basis for the attorneys' fee award.

As a result, even if Nelson were to succeed in having this case remanded to the District Court, there would be nothing to litigate. All issues pertinent to Nelson's liability have already been adjudicated. Nelson is collaterally estopped from relitigating those issues.

III. NELSON WAS AFFORDED DUE PROCESS

Nelson now claims he was denied due process. *Nowhere* in his prior filings with the District Court did Nelson ever claim the joinder would violate his due

process rights. *Nowhere* in the appeal to the Federal Court did Nelson ever claim he was denied due process.

Not until *after the Federal Circuit affirmed* the joinder did Nelson ever claim he was denied due process. It is hornbook law that "new questions may not be raised for the first time on Supreme Court review." 17 *Wright and Miller on Federal Practice* § 4036 at p. 35 (2d ed. 1988).

Nevertheless, it is apparent Nelson was actually afforded due process. He was afforded an opportunity to be heard – and was heard – through multiple filings with both of the lower courts.

Nelson erroneously claims due process, at a bare minimum, requires service of a complaint and summons. In *Mullane v. Central Hanover Bank and Trust Company*, 339 U.S. 306 (1950), the Court did not so hold. Rather, what due process requires is notice "with due regard for the practicalities and peculiarities of the case" and an "opportunity to be heard." *Id.* at 314-15.

As the District Court found, Nelson fully participated in the case through his privity with his company, OCP. Indeed, before the Federal Circuit, Nelson acknowledged that the pre-joinder opposition to the motion to amend filed by OCP was actually his *personal objection* to the joinder. *See* Corrected Brief of Appellant filed with the Federal Circuit at pp. 6-7. Nelson was "heard."

Nor does *Mullane* mandate that service of a complaint and summons is the *only method* of providing adequate notice. Rather, with consideration of the "peculiarities" of that matter, the Court held that notice by "ordinary mail" would suffice. *Id.* at 318.

Adams readily concedes a *conventional* method of affording notice is through the service of a summons. However, Nelson goes much too far with his claim service of summons is the *only way* to afford notice.

Quite to the contrary, the Circuits routinely hold that even if the defendant was entitled to notice by service of *a complaint with summons*, but was mistakenly proceeded against by *motion* or *show cause order*, the requirements of due process are nonetheless satisfied if the defendant enters a general appearance without challenging the jurisdictional or due process inadequacies. *See United States v. Gajewski*, 419 F.2d 1088 (8th Cir. 1969); *Engineers Ass'n v. Sperry Gyroscope Co.*, 251 F.2d 133 (2d Cir. 1957); and *Carter v. Powell*, 104 F.2d 428 (5th Cir. 1939).

In *Gajewski*, the IRS proceeded judicially to obtain a *show cause order* compelling taxpayers to appear for audits. "[T]he enforcement proceedings were not commenced by the filing of a complaint in accordance with Rule 3, Fed.R.Civ.P. and . . . summons was not issued and served upon them as authorized by Rule 4." *Id.* at 1090-91. Later, after the court entered a compliance order, the parties then, "*for the first time*, raised the jurisdictional question." *Id.* at 1091 (Court's emphasis). The Court held,

> If there were any imperfections or irregularities in the procedure pursued in instituting the enforcement proceedings and the ensuing notices to appellants, *we believe the appellants waived same.*

Id. (emphasis added).

Similarly, in *Engineers, supra*, the plaintiff *petitioned* the court to compel arbitration, but failed to institute the

action by the filing of a complaint and service of summons as required by the pertinent provisions of the Labor Management Relations Act. The court *assumed arguendo* that filing of a complaint and service of summons was *mandatory* to institute such a proceeding; however, the defendant entered its appearance and "failed to object to the manner in which the proceeding had been commenced." *Id.* at 135. "The failure to do so is a waiver . . . and it is precluded from asserting this contention at this time." *Id.*

Likewise, in *Carter, supra*, the defendant belatedly claimed that an "order to show cause" in a receivership action "was insufficient process." Nonetheless, the Court held,

> This defense comes too late, having been made for the first time in the briefs in this court. The appellants therefore waived all defenses which they did not present. . . .

Id. at 430.

Finally, Nelson claims his entry of a personal appearance post-judgment cannot constitute a waiver of due process rights.[3] Nelson is mistaken. Even if a defendant's initial appearance is post-judgment, such an appearance constitutes waiver of any due process defenses if those defenses are not raised in that appearance. Due process

---

[3] However, as noted above, in the Federal Circuit, Nelson acknowledged the pre-joinder appearance by OCP in opposition to the motion to amend was actually his personal opposition to the joinder. *See* Corrected Brief of Appellant filed with the Federal Circuit at pp. 6-7.

does not require that the opportunity to be heard be pre-judgment.

In an opinion by Justice Brandeis, this Court held "[d]ue process requires that there be an opportunity to present every available defense; *but it need not be before the entry of judgment.*" *American Surety Company v. Baldwin*, 287 U.S. 156, 168 (1932) (emphasis added). The Court there *assumed arguendo* that the judgment debtor was denied due process when a judgment was summarily entered without appropriate notice and without jurisdiction. Nevertheless, the Court held that objections to those defects were waived having not been asserted in the post-judgment motion to vacate. The Court assumed the judgment "violated the due process clause of the Fourteenth Amendment." *Id.* at 165. However, the judgment debtor "filed a motion in that court to vacate and set aside the judgment", and the motion did not "present the objection as one arising under the Fourteenth Amendment." *Id.* at 162 and 164.

Nelson had notice of the proceeding, entered an appearance, was repeatedly heard by the District Court, and fully heard on appeal. He was afforded due process.

IV. NELSON WAIVED THE DEFENSES HE BELATEDLY SEEKS TO RAISE

A. Nelson Waived The Jurisdictional Defenses By Not Raising Them In His "First Defensive Move."

"The personal jurisdiction requirement recognizes and protects an individual liberty interest. It represents a

restriction on judicial power not as a matter of sovereignty, but as a matter of individual liberty." *Insurance Corp. of Ireland, Ltd. v. Compagnie des Bauxites de Guinee*, 456 U.S. 694, 702-03 (1982). However, unlike subject matter jurisdiction, "the requirement of personal jurisdiction may be intentionally *waived*, or for various reasons a defendant may be estopped from raising the issue." *Id.* at 704 (emphasis added). *See also Neirbo Co. v. Bethlehem Shipbuilding Corp.*, 308 U.S. 165 (1939). Indeed, in *Combs v. Nick Garin Trucking*, 825 F.2d 437 (D.C. Cir. 1987), an opinion to which Nelson gives much credence, the Court expressly recognized an exception to the general requirement of personal service "when a defendant has waived insufficiency of service and thereby has voluntarily subjected himself to personal jurisdiction." *Id.* at 442, n.5 (*citing Hospital Mortgage Group, Inc. v. Parque Indus. Rios Canas, Inc.*, 653 F.2d 54, 56 (1st Cir. 1981); *United States v. Gluklick*, 801 F.2d 834, 837 (6th Cir. 1986); and *Veeck v. Commodity Enter., Inc.*, 487 F.2d 423, 425-26 (9th Cir. 1973)). In this case, Nelson undoubtedly waived any objection based on insufficiency of process and lack of personal jurisdiction.

Were the law otherwise, defendants could abuse the judicial process by taking a "free shot" on the merits, and if unsuccessful, claim jurisdiction was lacking, forcing courts to undo months – or years – of needless litigation. As long ago noted by this Court, such behavior is unacceptable.

> Public policy dictates that there be an end of litigation; that those who have contested an issue shall be bound by the result of the contest, and that matters once tried shall be considered

> forever settled as between the parties. We see no reason why this doctrine should not apply in every case *where one voluntarily appears, presents his case and is fully heard*, and why he should not, in the absence of fraud, be thereafter *concluded by the judgment of the tribunal to which he submitted his cause.*

Baldwin v. Iowa State Traveling Men's Association, 283 U.S. 522, 526 (1931) (emphasis added). *See also Alger v. Hayes*, 452 F.2d 841, 845 (8th Cir. 1972) ("We think this plays 'fast and loose' with the power of the federal court and we disavow tolerance of such a procedure."); and *Yeldell v. Tutt*, 913 F.2d 530, 539 (8th Cir. 1990) (Full participation in litigation "without raising the issue of personal jurisdiction or requesting a ruling on it . . . is the type of situation the Federal Rules of Civil Procedure seek to avoid.").

The policy behind the waiver rule is obvious. As noted in *Barnstead Broadcasting Corporation v. Offshore Broadcasting Corporation*, 869 F.Supp. 35 (D.D.C. 1994), "[t]he purpose of requiring all jurisdictional defenses to be raised promptly is to eliminate unnecessary delays . . . ." *Id.* at 38. Consequently,

> 'If a party enters a case, makes no objection to [personal] jurisdiction, and asks the court to act on its behalf in some substantive way, *it will be held to have waived further objection.*'

Id. (Court's bracketed insert) (emphasis added). *See also Consolidated Rail Corporation v. Grand Trunk Western Railroad*, 592 F.Supp. 562, 567 (E.D. Pa. 1984) (This "stringent" rule "reflects a *strong public policy* against tardily raised defenses that go not to the merits of the case but to the

legal adequacy of initial steps taken by the plaintiff in his litigation.") (emphasis added).

Indeed, such "fast and loose" behavior or tardiness is directly contrary to both the spirit and substance of the rules of procedure.

> [Full participation] in litigation of the merits . . . without contesting personal jurisdiction . . . did not comply with the *spirit of the rule*. . . . The district court could properly conclude that the defendant's delay in urging this threshold issue manifests an intent to submit to the court's jurisdiction.

Continental Bank N.A. v. Meyer, 10 F.3d 1293, 1297 (7th Cir. 1993) (emphasis added).

Of course, we do not quarrel with Nelson's general assertions to the effect that personal jurisdiction "is dependent not only on the compliance with due process but also on compliance with the technicalities of Rule 4." *Coleman v. Kaye*, 87 F.3d 1491, 1498 (3d Cir. 1996). However, as emphasized by the Court therein,

> This analysis is not controlling, however, when a party submits itself to the jurisdiction of the district court, thereby waiving any claim the district court lacked *in personam* jurisdiction.

Id.

Common sense, as well as the spirit and substance of the federal rules, mandates such a conclusion. Again, the very purpose of personal service of process and pertinent guarantees of due process are to provide *notice* of the proceeding and of the requested relief. Any entry of an

appearance, *ipso facto*, evidences a party's actual notice of the proceeding against him.

> Since the notice requirements may well be equated with service of process of ordinary pleading, it should be equally clear that the failure of a party to object at the first opportunity available to it to raise the question by motion amounts to a waiver of whatever rights the party may have had. . . . [especially since the complaining party] *actually received all the benefits it would have been entitled to with the notice.*

T & R Enterprises, Inc. v. Continental Grain Company, 613 F.2d 1272, 1277 (5th Cir. 1980) (emphasis added). *See also Nester v. Hershey*, 425 F.2d 504, 522 (D.C. Cir. 1969) ("Personal jurisdiction . . . was established when without objecting they entered a general appearance.").

Consequently, it is well settled that even in situations where a court has no jurisdictional power over a person, such defense is waived if the person *"submits to its jurisdiction by moving or pleading." Zelson v. Thomforde*, 412 F.2d 56, 58, n.8 (3d Cir. 1969) (Court's emphasis).

This is true even if the party was *never served* with process. *See Rowley v. McMillan*, 502 F.2d 1326, 1332 (4th Cir. 1974) (Even if defendant was never served with process, by virtue of an entry of appearance, "the objection has been waived and may not be asserted in this appeal."). *See also Pardazi v. Cullman Medical Center*, 896 F.2d 1313, 1317 (11th Cir. 1990).

Prior to the entry of the order joining Nelson, he opposed the joinder motion in the name of his company, OCP. After the District Court joined Nelson, he then challenged the amendment in his *individual* capacity. On

April 8, 1998, he filed the Motion of Donald A. Nelson to Alter & Amend March 25, 1998 Memorandum Opinion and Judgment Entry. (Docket Entry No. 133 [J.A. at 30].) Nowhere in either appearance was there mention of any objection to the sufficiency of process or the validity of the Court's exercise of personal jurisdiction.

Despite Nelson's desire to visit such an issue now, it is well-settled that "[i]f a party enters a case, makes no objection to [personal] jurisdiction, and asks the court to act on its behalf in *some substantive way*, it will be held to have *waived further objection.*" *Trans World Airlines, Inc. v. Mattox*, 897 F.2d 773 (5th Cir. 1990) (emphasis added), *cert. denied*, 498 U.S. 926 (1990). In other words, a party seeking to challenge sufficiency of process or the validity of the Court's exercise of personal jurisdiction "must do so 'in their first defensive move.' " *Barnstead Broadcasting, supra*, 869 F.Supp. at 38 (*quoting Manchester Knitted Fashions, Inc. v. Amalgamated Cotton Garment Fund*, 967 F.2d 688, 691-92 (1st Cir. 1992) and *citing Wyrough & Loser, Inc. v. Pelmor Laboratories, Inc.*, 376 F.2d 543 (3d Cir. 1967); and *Backo v. Local 281, United Brotherhood of Carpenters and Joiners*, 308 F.Supp. 172, 176 (N.D.N.Y. 1969), *aff'd*, 438 F.2d 176 (2d Cir. 1970)). *See also T & R Enterprises, supra*, 613 F.2d at 1277 ("[I]t should be equally clear that the failure of a party to object at the first opportunity available to it to raise the question by motion amounts to a waiver of whatever rights the party may have had.").

In this case, Nelson clearly made such a "first defensive move" without any objection related to the sufficiency of process or the exercise of jurisdiction. Then Nelson followed his initial general appearance with a series of additional defensive moves without ever raising

these issues, including the filing of a reply brief supporting his April 8, 1998 Motion to Alter or Amend (Docket Entry No. 146 [J.A. at 31]); a response brief opposing Defendants' Supplemental Petition for Attorneys' Fees (Docket Entry No. 151 [J.A. at 32]); and the prosecution of a complete appeal to the Court of Appeals for the Federal Circuit, including requesting rehearing by the panel and rehearing *en banc*. *See Ohio Cellular Products Corporation v. Adams USA, Inc., supra,* 175 F.3d 1343. Not until after the appellate affirmance of the judgment against him did Petitioner ever claim that jurisdiction was lacking and that he was denied due process.

As noted by the Seventh Circuit, "[o]nce the defendant has waived objections based on insufficiency of process and submitted generally to the jurisdiction of the court, *the court is powerless to dismiss the suit for lack of personal jurisdiction.*" *O'Brien v. R. J. O'Brien & Assoc., Inc.,* 998 F.2d 1394 (7th Cir. 1993) (emphasis added) (*citing Pusey v. Dallas Corp.,* 938 F.2d 498, 501 (4th Cir. 1991)). *See also Pardazi, supra,* 896 F.2d at 1317.

Furthermore, even if one *does* challenge personal jurisdiction in a boilerplate manner, but then fails to press the defense while continuing with the litigation, the defense is waived. That is to say, a party waives his defense of lack of personal jurisdiction when his conduct does "not reflect a *continuing* objection to the power of the court to act over the defendant's person." *Alger, supra,* 452 F.2d at 844 (emphasis added). *See also Continental Bank, supra,* 10 F.3d at 1297 (The "defendants fully participated in litigation of the merits for over two-and-a-half years without actively contesting personal jurisdiction . . . .The District Court could properly conclude that

the defendants' delay in urging this threshold issue manifests an intent to submit to the court's jurisdiction.").

Finally, Nelson claims any entry of a personal appearance post-judgment cannot constitute a waiver of any defense of lack of personal jurisdiction or insufficiency of process, even though the lack of jurisdiction is not asserted simultaneously with the post-judgment entry of appearance.

Nelson is mistaken. Even when a defendant's initial appearance is post-judgment, such an appearance constitutes waiver of any defenses of lack of personal jurisdiction and insufficiency of process if those defenses are not asserted in the appearance.

Again, as noted by Justice Brandeis, "[d]ue process requires that there be an opportunity to present every available defense; *but it need not be before the entry of judgment.*" *American Surety Company, supra,* 287 U.S. at 168 (1932) (emphasis added). *See also Moore Ice Cream Co. v. Rose,* 289 U.S. 373, 384 (1933); *People of the State of Illinois, ex rel. Neil F. Hartigan v. Peters,* 871 F.2d 1336, 1341 (7th Cir. 1989); and *Turner v. Kirkwood,* 62 F.2d 256, 260 (10th Cir. 1932).

The Seventh Circuit has similarly refuted the assertion that such "waiver can never be based on postjudgment conduct", holding that "[t]his court has, in fact, found waiver where the conduct relied upon by the district court occurred *after entry of default* [judgment]." *Trustees of Central Laborers' Welfare Fund v. Lowery,* 924 F.2d 731, 733 (7th Cir. 1991) (emphasis added) (*citing Bally Export Corp. v. Balicar, Ltd.,* 804 F.2d 398, 405 (7th Cir. 1986) and *J. Slotnik Co. v. Clemco Industries,* 127 F.R.D. 435,

440-41 (D. Mass. 1989)). In short, "[j]ust as a defendant may waive a defense . . . before entry of judgment, so too can a defendant waive the defense *at a later time*. . . . " *Trustees, supra,* 924 F.2d at 733 (emphasis added).

Similarly, in *O'Brien, supra,* the judgment debtor's initial appearance was a post-judgment motion to vacate a default judgment. Later, as in the present action, the defendant filed a second motion to vacate – only then claiming a "lack of jurisdiction." *Id.* at 1397. Affirming the order overruling the belated jurisdictional challenge, the appellate court noted,

> We agree with the district court that RJO waived any challenge to personal jurisdiction by failing to raise the issue in its initial motion to vacate. . . .

O'Brien, supra, 998 F.2d at 1398-99.

Nelson seeks to ignore the uniformity of these principles, erroneously claiming the Third Circuit allowed a party to wait *post appeal* before first asserting a jurisdictional defense in *Orange Theatre Corporation v. Rayherstz Amusement Corporation,* 139 F.2d 871 (3d Cir. 1944), *cert. denied sub nom., Orange Theatre v. Brandt,* 322 U.S. 740 (1944). Nelson materially misconstrues that holding. In *Orange Theatre,* the District Court granted a motion to dismiss on venue grounds, which order was reversed on appeal. On remand, the District Court again dismissed on venue grounds. In the second appeal, the court realized the *actual ground* asserted for dismissal was lack of jurisdiction. Rather than approving a belated assertion of the defense, the court specifically held the jurisdictional question was "open for consideration" only because "it

was clearly raised in the [initial] motion." *Id.* at 873. The Third Circuit did not, as Nelson contends, hold that a party may revive a waived jurisdictional defense. Quite to the contrary, consistently thereafter, the Third Circuit has clearly stated that a jurisdictional defense is waived – and lost – if not asserted in a party's first defensive move. *See, e.g., Coleman, supra,* 87 F.3d at 1498 (Due process or personal jurisdiction defect waived "[w]hen a party submits itself to the jurisdiction of the district court"; "If a defendant appears in the action, he must interpose any *** objections he may have.") (Court's ellipsis). *See also Zelson, supra,* 412 F.2d at 59 ("[P]ersonal jurisdiction may be conferred by failure to object.").

Nelson also misconstrues this Court's decision in *Zenith Corp. v. Hazeltine,* 395 U.S. 100 (1969). There, "Hazeltine filed a *'special appearance.'* " *Id.* at 109 (emphasis added). It is well recognized that the very purpose of a "special appearance" *is to object* to a court's exercise of jurisdiction. By entering only a "special appearance," Hazeltine preserved the jurisdictional issue for appeal. Here, Nelson made no such special appearance and thus waived his objections, thereby foreclosing any further review of the sufficiency of process and the Court's exercise of personal jurisdiction.

B. Nelson Is Precluded From First Raising With This Court Any Issues Not Raised In The Intermediate Appellate Court.

In his Brief, Petitioner states that two of the questions presented related to issues of personal jurisdiction and service of process, specifically:

> Whether a United States District Court can bind a non-party to a judgment without first obtaining jurisdiction over that non-party and affording that non-party the opportunity to defend against his personal liability on the merits.
>
> Whether a United States District Court, consistent with the Federal Rules of Civil Procedure and the due process clause of the Fifth Amendment to the United States Constitution, can assess attorneys' fees against a non-party pursuant to 35 U.S.C. § 285 without first securing service of process upon, and jurisdiction over, that non-party.

It is important to note that *Petitioner is a party*. The very order sought to be reviewed is the order *which made Petitioner a party*. Indeed, Petitioner "does not challenge the district court's decision to grant respondents leave to . . . (2) join petitioner as a new party defendant . . . ." Petition for Cert. at p. 7. Nevertheless, Petitioner continues to characterize himself as a "non-party" and then asks the Court to review issues of law and fact not pressed in the record on review.

After the District Court entered the order granting Adams leave to amend the third-party complaint to name Petitioner as a third-party defendant, and to amend the judgment to include Petitioner as an additional party against whom judgment is entered, Petitioner sought review and reconsideration of that decision. Nowhere in that motion did Petitioner raise any objection based on jurisdiction or due process grounds. Rather, Petitioner argued *only* that the District Court had no statutory authority to assess attorneys' fees against him. Similarly,

before the Federal Circuit, Petitioner again asserted that there was no express statutory basis for imposing liability for attorneys' fees against him, and also asserted that he was prejudiced by the delay in the joinder, but never asserted any jurisdiction or due process defenses.

Now, Petitioner claims he was never served with process, thus denied due process and precluded from asserting assorted boilerplate defenses, namely (1) lack of personal jurisdiction; (2) some unspecified statute of limitations; (3) laches; and (4) unclean hands.

Nowhere in the record on review did Petitioner ever attempt to assert *any of these defenses*, nor did he ever question the exercise of jurisdiction over him. Rather, the issue presented to the Federal Circuit was essentially limited to whether delay barred the amendment, which assertion Petitioner has now abandoned. *See* Petition for Cert. at p. 7.

Recently, after the Federal Circuit affirmed the fee award against him, Petitioner did file with the District Court a Fed. R. Civ. P. 60(b)(4) motion collaterally attacking the judgment then claiming for the first time that he was never personally served with process. *See* Petition for Cert. at pp. 6-7. However, because Petitioner personally entered his appearance without raising any of the issues now sought to be raised, the District Court rejected the collateral attack, holding it to be "meritless." A full text copy of this opinion and order may be found in the Appendix to Respondents' Brief in Opposition to the Petition for Cert. In pertinent part, the District Court held:

Nelson's argument is meritless. Courts addressing waiver of objections to personal jurisdiction or service of process have consistently held that those defenses are waived if not raised in a defendant's first significant defensive move. . . .

Defendants moved to add Nelson as a third-party Defendant in this case on February 3, 1998. It is not disputed Nelson had actual knowledge of Defendants' third-party claim. . . . Plaintiff Ohio Cellular Products, which is completely controlled by Nelson, opposed Defendants' motion to add Nelson as a third-party defendant on the merits, without ever raising a challenge to personal jurisdiction or service of process. Nelson personally moved for reconsideration . . . without ever raising a challenge to personal jurisdiction or service of process. Nelson then appealed this Court's decision to the Federal Circuit, and conducted his appeal in this own name for over a year, *without ever raising a challenge to personal jurisdiction or service of process*. . . .

Since Nelson did not object to either personal jurisdiction or service of process at the proper time, those objections are waived.

Appendix to Respondents' Brief in Opposition to the Petition for Cert. at pp. 6-7 (emphasis added).

It is hornbook law that "new questions may not be raised for the first time on Supreme Court review." 17 *Wright and Miller on Federal Practice* § 4036 at p. 35 (2d ed. 1988). This Court has reiterated this fundamental precept time and again. For example, in *Browning-Ferris Industries v. Kelco Disposal*, 492 U.S. 257 (1989), Petitioner argued

that the Court should review a punitive damages award on the basis that it was violative of due process. This Court disagreed, noting:

> Petitioners claim that the due process question is within the 'clear intendment' of the objection it has made throughout these proceedings. Our review of the proceedings in the District Court and the Court of Appeals shows that petitioners' primary claim in both of those courts was that the punitive damages award violated Vermont state law. Petitioners also argued that the award violated the Eighth Amendment. We fail to see how the claim that the award violates due process is necessarily a part of these arguments. We shall not assume that a nonconstitutional argument also includes a constitutional one, and shall not stretch the specific claims made under the Eighth Amendment to cover those that might arise under the Due Process Clause as well . . . . In the absence of a developed record on the issues relevant to this due process inquiry, we shall not stretch the 'clear intendment' doctrine to include this case, as we do not think that the due process question is 'only an enlargement' of the Eighth Amendment inquiry. Although the due process analysis of an award of punitive damages may track closely the Eighth Amendment analysis suggested by petitioners, we shall not assume that to be the case and shall not attempt to decide the question *in the absence of a record on the due process point developed in the District Court and the Court of Appeals.*

Id. at 277, n.23 (emphasis added). *See also Duignan v. United States*, 274 U.S. 195, 200 (1927) ("The Court below in enumerating the questions raised and presented made

no mention of the constitutional question . . . and so far as the record discloses, it was not presented there. . . . This court sits as a court of review."); and *Heckler v. Campbell*, 461 U.S. 458, 468-69, n.12 (1983) ("Respondent did not raise either her due process or her regulatory argument below. . . . Again respondent appears not to have presented her . . . argument to the Court of Appeals, and we decline to reach it here.").

When presented with similar factual circumstances, Courts of Appeal have uniformly reached the same conclusion. For example, in *Engineers Ass'n, supra*, Defendant failed to object to the initiation of proceedings through a "Petition and Notice of Motion", rather than the required complaint and service of summons. On appeal, the Second Circuit recognized that Plaintiff may have failed to follow the prescribed guidelines for instituting the action, but ruled that Defendant's failure to raise an objection prior to appeal constituted a waiver, precluding Defendant from asserting the objection on appeal. *Id.*, 251 F.2d at 135.

Similarly, in *Carter, supra*, an order was issued by the District Court requiring Defendants to show cause why a requested injunction should not be granted. On appeal, the Defendants first contended that "the order to show cause was insufficient process." *Id.*, 104 F.2d at 430. The Fifth Circuit rejected such contention, holding that "[t]his defense comes too late, having been made for the first time on the briefs in this court." *Id. See also Preferred RX, Inc. v. American Prescription Plan, Inc.*, 46 F.3d 535, 549 (6th Cir. 1995) ("[T]his court will not consider issues not presented in the district court but raised for the first time on appeal."); *F.D.I.C. v. Mijalis*, 15 F.3d 1314, 1327 (5th Cir. 1994) ("If an argument is not raised to such a degree that the district court has an opportunity to rule on it, we will not address it on appeal."); *Brickner v. Voinovich*, 977 F.2d 235, 238 (6th Cir. 1992) ("None of these arguments were pleaded, or adequately raised or preserved in the District Court. Consequently, they are waived on appeal."); and *McCoy v. Massachusetts Institute of Technology*, 950 F.2d 13, 22 (1st Cir. 1991) ("It is hornbook law that theories not raised squarely in the district court cannot be surfaced for the first time on appeal.").

Ironically, Petitioner laments that "rather than address the due process issues, both the district court and the court of appeals focused their inquiry on the liberal amendment provisions of Fed. R. Civ. P. 15(a). . . . " Petition for Cert. at p. 11. We agree. The District Court and Federal Circuit did not address the "due process" issues now sought to be presented, but only because *these issues were never raised by Petitioner*. At this late juncture, Petitioner is precluded from raising these issues for the first time.

CONCLUSION

An individual patent applicant who engages in inequitable conduct may be joined as a party and held liable for attorneys' fees in litigation instituted by his company to enforce patents obtained as the fruits of his inequitable conduct.

The District Court found, as a matter of fact, Nelson controlled the litigation on behalf of his company and that Nelson and OCP had a unity of interest in the

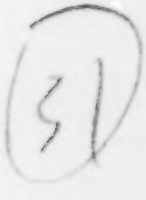
litigation. Nelson did not appeal these findings. Furthermore, as found by the District Court, Nelson – and Nelson alone – committed the inequitable conduct which gave rise to the attorneys' fee award. Nelson did not appeal this finding. The District Court did not abuse its discretion in amending the complaint to add Nelson as a party.

Consequently, the decision of the Federal Circuit should be affirmed.

Respectfully submitted,

JACK ALLEN WHEAT
(*Counsel of Record*)
VANCE ARMENTROUT SMITH
JOEL THOMAS BERES
JOHN WILLIAM SCRUTON
STITES & HARBISON, PLLC
400 W. Market Street, Suite 1800
Louisville, Kentucky 40202-3352
(502) 587-3400

Counsel for Respondents



Mar 15 2000

(7)

Supreme Court, U.S.
FILED
MAR 15 2000
CLERK

No. 99-502

In The

Supreme Court of the United States

DONALD E. NELSON,

Petitioner,

v.

ADAMS USA, INC. and
APEHEAD MANUFACTURING, INC.,

Respondents.

On Writ Of Certiorari
To The United States Court Of Appeals
For The Federal Circuit

REPLY BRIEF OF PETITIONER

DEBRA J. DIXON
(Counsel of Record)
JAMES L. DEESE
DEBRA J. DIXON & ASSOCIATES
700 West St. Clair Avenue
Suite 216
Cleveland, Ohio 44113
(216) 621-9100

Attorneys for Petitioner

COCKLE LAW BRIEF PRINTING CO., (800) 225-6964
OR CALL COLLECT (402) 342-2831

27 pp

TABLE OF CONTENTS

Page

STATEMENT OF THE CASE 1

ARGUMENT 4

I. ONLY THE PARTY LEGALLY RESPONSIBLE FOR RELIEF ON THE MERITS IS LIABLE TO PAY AN AWARD OF ATTORNEYS' FEES UNDER 35 U.S.C. § 285 4

II. BY RENDERING JUDGMENT AGAINST PETITIONER WITHOUT NOTICE AND WITHOUT AFFORDING HIM THE OPPORTUNITY TO DEFEND AGAINST HIS LIABLITY ON THE MERITS, THE DISTRICT COURT DEPRIVED PETITIONER OF THE RIGHTS SECURED TO HIM BY THE FIFTH AMENDMENT TO THE UNITED STATES CONSTITUTION 9

A. The doctrine of collateral estoppel, raised by respondents for the first time on appeal, does not preclude petitioner from litigating his liability for alleged inequitable conduct..... 9

B. Because the district court never provided petitioner with the opportunity to be heard, he was not afforded due process..... 13

III. BEFORE ENTERING JUDGMENT AGAINST AN INDIVIDUAL, A DISTRICT COURT MUST HAVE JURISDICTION OVER THAT INDIVIDUAL'S PERSON EITHER BY (1) VALID SERVICE OF PROCESS OR (2) WAIVER OF PERSONAL JURISDICTION BY THE INDIVIDUAL'S FAILURE TO INCLUDE THE LACK OF PERSONAL JURISDICTION AS A DEFENSE IN A RESPONSIVE PLEADING OR MOTION REQUIRED BY FED. R. CIV. P. 12..... 14

TABLE OF CONTENTS – Continued

Page

A. Petitioner, who never was afforded the opportunity to make a first defensive move, did not waive the defense of lack of jurisdiction over his person 15

B. Petitioner is not precluded from raising before this Court the district court's lack of jurisdiction over his person 17

CONCLUSION 20

TABLE OF AUTHORITIES

Page

CASES

A. Stucki Co. v. Schwam, 634 F.Supp. 259 (E.D. Pa. 1986) 12

A.B. Chance Co. v. RTE Corp., 854 F.2d 1307 (Fed. Cir. 1988) 5

Alger v. Hayes, 452 F.2d 841 (8th Cir. 1972) 16

American Surety Co. v. Baldwin, 287 U.S. 156 (1932) 14

Ana Maria Sugar Co. v. Quinones, 254 U.S. 245 (1920) 19

Baldwin v. Traveling Men's Association, 283 U.S. 522 (1931) 15

Barnstead Broadcasting Corp. v. Offshore Broadcasting Corp., 869 F.Supp. 35 (D. D.C. 1994) 16

Blonder-Tongue v. University Foundation, 402 U.S. 313 (1971) 10, 11

Carter v. Powell, 104 F.2d 428 (5th Cir. 1957) 16

Coleman v. Kaye, 871 F.3d 1491 (3rd Cir. 1996) 16

Consolidated Rail Corp. v. Grand Trunk Western Railroad, 592 F.Supp. 562 (E.D. Pa. 1984) 16

Continental Bank, N.A. v. Meyer, 10 F.3d 1293 (7th Cir. 1993) 16

Duignan v. United States, 274 U.S. 195 (1927) 18, 19

Engineers Association v. Sperry Gyroscope Co., 251 F.2d 133 (2d Cir. 1957) 16

Farrar v. Hobby, 506 U.S. 103 (1992) 4

TABLE OF AUTHORITIES – Continued

Page

Gila Valley Railway v. Hall, 232 U.S. 94 (1914)..... 19

Grant Brothers v. United States, 232 U.S. 647 (1914) 19

Heckler v. Campbell, 461 U.S. 458 (1983)..... 19

Hoover Group, Inc. v. Custom Metalcraft, Inc., 84 F.3d 1408 (Fed. Cir. 1996).....7, 8

Hughes v. Novi American, Inc., 724 F.2d 122 (Fed. Cir. 1984) 7

Machinery Corp. of America v. Gullfiber, 774 F.2d 467 (Fed. Cir. 1985)..... 5, 6, 7

Magruder v. Drury, 235 U.S. 106 (1914) 19

Montana v. United States, 440 U.S. 147 (1979) 9, 10, 11, 12

Mothers Restaurant, Inc. v. Mama's Pizza, Inc., 723 F.2d 1566 (Fed. Cir. 1983).....10, 12

Mullane v. Central Hanover Bank & Trust Co., 339 U.S. 306 (1950) 13

Nester v. Hershey, 425 F.2d 504 (D.C. Cir. 1969) 16

Newman v. Piggie Park Enterprises, Inc., 390 U.S. 400 (1968)..... 6

O'Brien v. R.J. O'Brien & Associates, Inc., 998 F.2d 1394 (7th Cir. 1993)..... 16

Old Jordan Mining Co. v. Société Anonyme Des Moines, 164 U.S. 261 (1896) 19

Omni Capital International v. Rudolf Wolff & Co., 484 U.S. 97 (1987) 13

TABLE OF AUTHORITIES – Continued

Page

Orthokinetics, Inc. v. Safety Travel Chairs, Inc., 806 F.2d 1565 (Fed. Cir. 1986)..... 7

Pardazi v. Cullman Medical Center, 896 F.2d 1313 (11th Cir. 1990)..... 16

Park-in Theatres, Inc. v. Perkins, 190 F.2d 137 (9th Cir. 1951) 5

Preferred RX, Inc. v. American Prescription Plan, Inc., 46 F.3d 535 (6th Cir. 1995)..... 16

Rogers v. United States, 422 U.S. 35 (1975) 19

Rowley v. McMillan, 502 F.2d 1326 (4th Cir. 1974) 16

Silva v. City of Madison, 69 F.3d 1368 (7th Cir. 1995) 16

T & R Enterprises, Inc. v. Continental Grain Co., 613 F.2d 1272 (5th Cir. 1980)..... 17

Texas Teachers Association v. Garland School District, 489 U.S. 782 (1989) 4, 7

Trans World Airlines, Inc. v. Mattox, 897 F.2d 773 (5th Cir. 1990)..... 17

United States v. Gajewski, 419 F.2d 1088 (8th Cir. 1969)..... 17

United States v. Gluklick, 801 F.2d 834 (6th Cir. 1986)..... 16

United States v. Tennessee & Coosa Railroad Co., 176 U.S. 242 (1900) 19

Veeck v. Commodity Enterprises, Inc., 487 F.2d 423 (9th Cir. 1973)..... 17

Yeldell v. Tutt, 913 F.2d 530 (8th Cir. 1990)..... 16

TABLE OF AUTHORITIES – Continued

Page

Youakim v. Miller, 425 U.S. 231 (1976) 19

Zelson v. Thomforde, 412 F.2d 56 (3rd Cir. 1969)..... 16

Zenith Corp. v. Hazeltine, 395 U.S. 100 (1969) 9, 10, 12, 19

STATUTES

35 U.S.C. § 285.....4, 5, 6, 7

42 U.S.C. § 1988..... 6

CONSTITUTIONAL PROVISIONS

U.S. Const., Amend. V.....9, 20

COURT RULES

Fed. R. Civ. P. 4..... 18

Fed. R. Civ. P. 7..... 18

Fed. R. Civ. P. 12..... *passim*

Fed. R. Civ. P. 14..... 18

Fed. R. Civ. P. 15..... 18

Fed. R. Civ. P. 60.....14, 18

STATEMENT OF THE CASE

Before addressing the merits of respondents' arguments, petitioner must first address some misstatements contained in respondents' "Counterstatement of the Case." In their "Counterstatement of the Case," as well as in their "Argument," respondents allege that: (1) there is "clear evidence" of privity and/or a "unity of interest" between petitioner and the plaintiff, Ohio Cellular Products Corporation; and (2) at all times, petitioner "controlled the litigation" on behalf of Ohio Cellular. Brief of Respondents at 2, 3, 10, 23. Other than quoting the clearly erroneous findings of the district court and the Federal Circuit court on this issue, respondents have failed to indicate where in the record before this Court there is any evidence, much less any "clear evidence," that supports such ill-founded conclusions. If anything, the record supports just the opposite. Petitioner was personally excluded from much of the discovery process, and counsel for his defunct corporation acted ***not in his interest***, but rather in the interest of the patent holder and original third party defendant to the lawsuit, All American Sports Corporation. Because the evidence in the record shows that Ohio Cellular did not fully represent the interests of petitioner, there is no basis to respondents' allegations of "privity" and "unity of interest."

Next, quoting ***out-of-context*** from the Petition for Rehearing that petitioner's prior counsel filed with the Federal Circuit, respondents inaccurately write that petitioner "stated he was not challenging the finding he committed the inequitable conduct." Brief of Respondents at 5-6. To the contrary, petitioner's counsel wrote in the cited text, "[T]he panel majority is wrong as a matter of fact when it stated that it is undisputed that Donald Nelson personally committed the acts of inequitable conduct which were the basis for the fee award." Petition for Rehearing and Suggestion for Rehearing in [sic] Banc of Appellant Donald E. Nelson at 2, n. 1; *see also*, Corrected Brief on Appeal of Appellants, Ohio Cellular Products &

Donald E. Nelson[1] at 5, n. 1. Thus, no question exists that, contrary to respondents' mischaracterizations, it has been petitioner's position all along that there is no basis to the charges of inequitable conduct against him. Respondents' assertions aside, petitioner does not here attempt "to revive" the issue of inequitable conduct. Rather, he has challenged the finding all along.

Indeed, although respondents still contend that petitioner "committed fraud on the PTO," Brief of Respondents at 10-18, a close examination of the portions of the record they cite as a basis for this allegation reveals that their contention is entirely lacking in support. For example, citing the Joint Appendix at pages 110-20, respondents assert at page 8 of their Brief, "Nelson then actively misled the PTO concerning Lammy's [petitioner's co-inventor] refusal to sign the declaration, referring the PTO to irrelevant Marc patents rather than the Marc 037 patent disclosing the Marc/Foam Aid process." Contrary to respondents' mischaracterization of the record, pages 110-20 of the Joint Appendix reveal only that petitioner neglected to disclose the Marc 037 patent to the PTO and instead (because of the mistake of his patent attorney) disclosed three other Marc patents – facts that petitioner has conceded. *See*, Brief of Petitioner at 8-9. What pages 110-20 of the Joint Appendix do ***not*** establish, however, is respondents' ill-founded contention that "Nelson actively misled the PTO concerning Lammy's refusal to sign the declaration." Indeed, how could petitioner conceivably have misled the PTO about Lammy's refusal to sign when he submitted to the PTO the letter of Lammy's attorney explaining Lammy's reasons for not signing the declaration? J.A. at 204-07. Contrary to the claims of respondents, petitioner did ***not*** mislead the PTO but rather fully advised it that Lammy was refusing to sign the first

---

[1] Hereinafter referred to as "Brief on Appeal of Appellants."

inventor declaration because Lammy believed that he and petitioner were not the first inventors. J.A. 201-07.

As noted above, petitioner concedes that he did not disclose the Marc 037 Patent to the PTO. However, to make their case of "fraud on the PTO," respondents take this innocent non-disclosure (caused by the omission of petitioner's patent attorney) a step further by claiming that petitioner not only did not disclose the Marc 037 Patent, but also did not disclose the Foam Aid process that the Marc 037 Patent supposedly covered – a claim that flies in the face of the PTO's records themselves. J.A. 201-09. To make this leap, respondents quote, again out-of-context, petitioner's testimony at the May 6, 1997 reconsideration hearing. *See*, Brief of Respondents at 9. The ***full*** text of the testimony is as follows:

> Q. Regardless of when you had the '037 patent, you did know about the process prior to filing your patent application.
>
> A. I knew about the FoamAid process, yes.
>
> Q. But you never disclosed ***it*** to the Patent and Trademark Office?
>
> A. No.

J.A. at 187-88 [emphasis added].

The last question is ambiguous because it is unclear whether "it" refers to the Marc 037 patent (which petitioner has conceded he did not disclose) or the Foam Aid process, which the PTO's own records conclusively prove that petitioner did disclose. Certainly, respondents should be able to point to more clear and convincing evidence of "fraud on the PTO" than the answer to an ambiguous question that they have taken out of context, especially when the PTO's records prove that, contrary to respondents' unsupported allegation, petitioner made full disclosure of the Foam Aid process.

ARGUMENT

I. ONLY THE PARTY LEGALLY RESPONSIBLE FOR RELIEF ON THE MERITS IS LIABLE TO PAY AN AWARD OF ATTORNEYS' FEES UNDER 35 U.S.C. § 285.

The statute at issue in the instant case, 35 U.S.C. § 285, provides that the district court "in exceptional cases may award reasonable attorney fees to the prevailing party." Respondents spend the greater portion of Part I of their Brief discussing the legal principle that "inequitable conduct" before the PTO can form the basis of a determination that the case is an exceptional case. However, whether "inequitable conduct" creates an "exceptional case" is ***not*** the issue before this Court. Rather, the issue before this Court is whether respondents were "prevailing parties." Thus, the case authority cited by respondents at pages 10 through 18 of their Brief is irrelevant to the case at bar because those cases stand only for the proposition that a finding of inequitable conduct can form the basis of a determination that the case is an "exceptional case," a proposition that, for the purpose of this appeal, petitioner does not dispute.

However, although respondents may have established that this case is an "exceptional case," there is a second prong that they must meet before they can recover attorneys' fees under 35 U.S.C. § 285 – they must also establish that they were "prevailing parties." This Court previously has held that "at a minimum, to be considered a prevailing party," the plaintiff must: (1) "be able to point to a resolution of the dispute which changes the legal relationship between itself and the defendant," *Texas Teachers Association v. Garland School District*, 489 U.S. 782, 792 (1989); and (2) be "entitled to enforce a judgment, consent decree, or settlement against the defendant," *Farrar v. Hobby*, 506 U.S. 103, 113 (1992). In their Brief, respondents have failed to indicate, how, in the underlying infringement action, they altered their legal relationship with petitioner (a relationship which

did not exist in the first place) and have failed to point to any enforceable judgment decree or settlement that they obtained against him. Their failure to do such clearly indicates that they were not "prevailing parties" and therefore, were not entitled to an award of attorneys' fees against petitioner.

In each one of the cases relied upon by respondents in Part I of their Brief, the court, unlike the district court in the instant case, assessed fees against a person: (1) who had been a party to the underlying infringement action; and (2) against whom the party entitled to fees had prevailed. *See, e.g., A.B. Chance Co. v. RTE Corp.*, 854 F.2d 1307, 1312 (Fed. Cir. 1988) (in which the district court assessed attorneys' fees against the "***losing party***"); and *Machinery Corp. of America v. Gullfiber*, 774 F.2d 467, 471 (Fed. Cir. 1985), *quoting, Park-in Theatres, Inc. v. Perkins*, 190 F.2d 137, 142 (9th Cir. 1951) (holding that for there to be an award of attorneys' fees under 35 U.S.C. § 285 there must be "a finding of unfairness or bad faith in the conduct of the ***losing party***"). Because petitioner neither had been a party to the underlying infringement action, nor had been prevailed against in that action, the case law relied upon by respondents in Part I of their Brief is inapposite.

Indeed, the Federal Circuit in *Machinery Corp.* clearly rejected the position that respondents have taken on this appeal. In *Machinery Corp.*, the district court had assessed attorneys' fees against an officer/agent of the patent holder, who, unlike petitioner in the instant case, was "also a named defendant in this action." *Machinery Corp.*, 774 F.2d at 469. Despite the fact that the patent holder's agent, as an original party, had been prevailed against on the underlying merits, the court of appeals reversed an award of attorneys' fees against him under 35 U.S.C. § 285. On remand the court directed that the agent:

> May be assessed fees individually only if the district court finds that MCA [the prevailing party] has proved by clear and convincing evidence that his actions were in fact tortious or

> ***were undertaken in a personal capacity and not as agent of GINT*** [the patent holder].

Id., at 475 [emphasis added].

Respondents in their brief before the Federal Circuit, and in their Brief before this Court have argued that petitioner was acting "on behalf of" Ohio Cellular. Brief of Respondents at 19. There being no evidence that petitioner was acting in a capacity other than as president of Ohio Cellular, there is no basis, under *Machinery Corp.*, to hold him ***individually*** liable for fees. Because the court made clear in *Machinery Corp.* that to be liable for attorneys' fees, the individual must be prevailed against on the underlying merits ***and*** to have acted on his own individual behalf, there is no basis for sustaining the award of attorneys' fees in the instant case. Accordingly, the decisions of the district court and the Federal Circuit Court of Appeals should be reversed.

Next, respondents summarily dismiss petitioner's reliance upon case law from this Court addressing the issue of who is a "prevailing party" for an award of attorneys' fees for a civil rights violation under 42 U.S.C. § 1988. In dismissing this issue, respondents simply ignore the fact that the two fee award statutes at issue have similar goals. As respondents correctly note at page 16 of their Brief, an award of fees under 35 U.S.C. § 285 recognizes that "[t]he party who succeeds in invalidating the unlawful patent performs a valuable public service." This goal is similar, if not identical to, the goal of 42 U.S.C. § 1988 which is to award fees to a plaintiff who "acts as a 'private attorney general' * * * to advance the public interest." *See, Newman v. Piggie Park Enterprises, Inc.*, 390 U.S. 400, 402 (1968), quoted at page 18 of the Brief of Respondents. Given the fact that both 35 U.S.C. § 285 and 42 U.S.C. § 1988 have similar goals, and utilize ***identical language*** – "prevailing party" – case law interpreting the term, "prevailing party" under 42 U.S.C. § 1988, is clearly helpful in determining who is a "prevailing party" under 35 U.S.C. § 285. Indeed, the fact that Congress utilized ***identical language*** in its enactment of

both fee statutes evidences a clear intent on its part that the concept of "prevailing party" have uniform application in both patent infringement and civil rights litigation. No question exists that "prevailing party" status is a threshold requirement for an award of attorneys' fees in patent infringement litigation, *Machinery Corp.*, 774 F.2d at 470, as it is a threshold requirement for an award of fees in civil rights litigation, *Texas Teachers Association*, 489 U.S. at 789. Inasmuch as respondents have failed to establish that they were "prevailing parties" with respect to petitioner, they are not entitled, under 35 U.S.C. § 285, to an award of attorneys' fees, and the decisions of the district court and the Federal Circuit should be reversed.

Finally, citing *Hoover Group, Inc. v. Custom Metalcraft, Inc.*, 84 F.3d 1408 (Fed. Cir. 1996), *Hughes v. Novi American, Inc.*, 724 F.2d 122 (Fed. Cir. 1984) and *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565 (Fed. Cir. 1986), respondents argue that petitioner can be held liable for fees under traditional tort concepts of vicarious liability. Petitioner previously has dealt with the *Orthokinetics* case, which is of no assistance to respondents. *See*, Brief of Petitioner at 32. In the *Hughes* case, which is the only one of respondents' three cited "vicarious liability" cases that dealt with an award of attorneys' fees under 35 U.S.C. § 285, the Federal Circuit held that a named plaintiff to the original complaint, against whom the defendant had prevailed, was liable for attorneys' fees. Because there was no question in *Hughes* that the defendant was a prevailing party over the named plaintiff who was liable for those fees, the *Hughes* decision does not support respondents' claim that they are prevailing parties with respect to petitioner who was ***not*** a named party to the original proceedings.

Finally, the last of respondents' cited cases on the issue of vicarious liability, *Hoover Group*, which also addressed the liability of a party named in the original complaint, requires reversal of the instant case. In *Hoover Group*, the district court had held a corporate officer personally liable for damages caused by his corporation's

infringement of a patent. The Federal Circuit Court of Appeals reversed. Judge Newman wrote the decision and noted, "The policy considerations that underlie the corporate structure yield to personal liability for corporate acts ***only in limited circumstances.***" *Hoover Group*, 84 F.3d at 1411 [emphasis added]. Judge Newman then explained that in general, a corporate officer was personally liable for his tortious acts just as any other individual would be liable. She then added:

> However, this liability has been qualified in extensive jurisprudence by the distinction between commercial torts committed in the course of the officer's employment and other culpable wrongful acts.
>
> Thus when a person in a control position causes the corporation to commit a civil wrong, imposition of personal liability requires consideration of the nature of the wrong, the culpability of the act, and whether the person acted in his/her personal interest or that of the corporation. * * *
>
> For example, corporate officers * * * have been held not to be personally liable for commercial torts * * * if they were acting in the corporation's interest.

Id., at 1411.

Judge Newman then concluded that because the officer/sole shareholder in *Hoover Group* was acting on behalf of his corporation and in furtherance of its commercial interests, there could be no personal liability on his part. *Id.*, at 1412. Similarly, respondents concede that petitioner in committing the alleged inequitable conduct before the PTO was acting on behalf of his corporation on, what can only be considered as, a commercial matter. Accordingly, under *Hoover Group*, the judgment of the district court against petitioner must be reversed.

II. BY RENDERING JUDGMENT AGAINST PETITIONER WITHOUT NOTICE AND WITHOUT AFFORDING HIM THE OPPORTUNITY TO DEFEEND AGAINST HIS LIABLITY ON THE MERITS, THE DISTRICT COURT DEPRIVED PETITIONER OF THE RIGHTS SECURED TO HIM BY THE FIFTH AMENDMENT TO THE UNITED STATES CONSTITUTION.

A. The doctrine of collateral estoppel, raised by respondents for the first time on appeal, does not preclude petitioner from litigating his liability for alleged inequitable conduct.

Respondents in Part II of their Brief argue that even if this court were to reverse this case and remand it to the district court, the doctrine of collateral estoppel would preclude petitioner from contesting his liability for inequitable conduct. It should first be pointed out that this argument applies only if a remand is necessary. Because, as noted in Part I, a fee award against a non-party is not statutorily authorized, there is no need to remand. In any event, respondents' collateral estoppel argument simply ignores this Court's holding in *Zenith Corp. v. Hazeltine*, 395 U.S. 100 (1969). In *Zenith Corp.*, a case which is factually on point with the instant case, this Court rejected respondents' collateral estoppel/res judicata argument when it held that collateral estoppel and res judicata were issues that a corporation's owner had the right to litigate on the merits before it could be liable for a judgment rendered against the corporation. *Zenith Corp.*, 395 U.S. at 111.

As respondents point out, under *Montana v. United States*, 440 U.S. 147 (1979), collateral estoppel applies to those persons who were in privity with the parties to the "prior litigation" including those persons who actually directed and exercised control over the prior litigation. However, this Court made clear in *Zenith Corp.* that the privity and control-over-litigation issues must first be litigated before a non-party can be bound to a prior

judgment. *Zenith Corp.*, 395 U.S. at 111. In the instant case, by proceeding directly to judgment against petitioner and by not taking any evidence upon the collateral estoppel issue (an issue upon which respondents had the burden of proof[2]), the district court completely foreclosed petitioner from presenting evidence that he did ***not*** direct and control the litigation. Yet, despite the fact that petitioner was wrongfully precluded from contesting the "control-over-litigation" issue, there is nonetheless no evidence in the record to support a finding that petitioner had such control over it that judgment could be rendered against him. *Montana*, 440 U.S. at 155. In fact, what little evidence there is shows that petitioner, who was excluded by court order from substantial portions of the litigation, could ***not*** control the litigation but rather was forced to depend on Ohio Cellular's attorneys to conduct it. In addition, the record shows that the interests of the defunct Ohio Cellular and petitioner were not identical and for that reason, petitioner was not "fully represented" in the action such that he could be precluded from litigating his liability. *See, Mothers Restaurant, Inc. v. Mama's Pizza, Inc.*, 723 F.2d 1566, 1569 (Fed. Cir. 1983).

Ironically, respondents, after complaining about petitioner's alleged failure to raise issues in the courts below, raised the issue of collateral estoppel for the first time on appeal, never having argued it or pled it in the district court. In *Blonder-Tongue v. University Foundation*, 402 U.S. 313, 350 (1971) this Court held:

> Res judicata and collateral estoppel are affirmative defenses that must be pleaded. * * * The purpose of such pleading is to give the opposing party notice of the plea of estoppel and a chance to argue, if he can, why the imposition of an estoppel would be inappropriate. * * *

---

[2] *Blonder-Tongue v. University Foundation*, 402 U.S. 313, 351 (1971).

> [P]etitioner did not plead estoppel and respondents never had an opportunity to challenge the appropriateness of such a plea * * * . Petitioner should be allowed to amend its pleadings in the District Court to assert a plea of estoppel. Respondents must then be permitted to amend their pleadings, and ***to supplement the record with any evidence showing why an estoppel should not be imposed in this case***. [Emphasis added].

If this court should find that attorneys' fees against a non-party are statutorily authorized, then it must remand this case for a determination of the collateral estoppel issue, an issue that was never litigated in the district court because of its rush to judgment. At a minimum, petitioner is entitled, as were the respondents in *Blonder-Tongue*, to defend against the instant respondents' recently asserted claim that under the doctrine of collateral estoppel, he is liable for attorneys' fees. Just as in *Blonder-Tongue*, because respondents did not raise the collateral estoppel issue in the district court, petitioner is entitled to "supplement the record with any evidence showing why an estoppel should not be imposed." Accordingly the decisions of the district court and the federal circuit should be reversed.

Moreover, this Court's decision in *Montana* is of no assistance to respondents. In *Montana*, unlike the instant case, this Court had before it a factual record (in the form of a series of stipulations) that clearly indicated that the "collaterally estopped" party, the United States Government, had directed, financed, controlled and appeared in the prior litigation for its own financial interest. With an actual record in front of it, this Court set forth a three-part test to determine whether a non-party should be precluded by the doctrine of collateral estoppel:

> First, whether the issues presented by this litigation are in substance the same as those resolved against the United States in [the prior litigation];

> second, whether controlling facts or legal principles have changed significantly since the state court judgment; and finally, ***whether other special circumstances warrant an exception to the normal rules of preclusion.***

Montana, 440 U.S. at 155 [emphasis added].

Respondents have failed to indicate where in the record there is evidence that shows that it was petitioner who directed and controlled the litigation as opposed to the patent owner, All American Sports. More importantly, respondents have failed to indicate where in the record one can find that the district court made the three determinations that this Court found in *Montana* were necessary to invoke the collateral estoppel doctrine. At a minimum, under this Court's holdings in *Montana* and *Zenith Corp.*, petitioner is entitled to present evidence that there exist "special circumstances [that] warrant an exception to the normal rules of preclusion." *Montana*, 440 U.S. at 155. Because there is no evidence in the record supporting respondents' claim of collateral estoppel, a claim that it did not raise in the district court, petitioner is entitled to have the judgment against him reversed.

Finally, respondents rely upon a series of other collateral estoppel cases in Part II of their Brief. However, in each one of those cases, the party that was collaterally estopped had the opportunity, unlike petitioner in the instant case, to actually litigate the collateral estoppel issue. Specifically, the record in those cases contained evidence that the collaterally estopped party "had been fully represented in the prior action and * * * had a full and fair chance to litigate the issues to be precluded." *A. Stucki Co. v. Schwam*, 634 F.Supp. 259 (E.D. Pa. 1986); *Mothers Restaurant*, 723 F.2d at 1569. Given the fact that what little evidence there is in the record before this court indicates that Ohio Cellular's counsel represented the interests of All American Sports to the detriment of petitioner, he is not collaterally estopped from challenging the finding of inequitable conduct, a finding which, as noted above, finds no support in the record. Therefore,

according to the case authority cited by respondents, the decisions of the district court and the Federal Circuit should be reversed.

B. Because the district court never provided petitioner with the opportunity to be heard, he was not afforded due process.

Respondents in Part III of their Brief argue that because petitioner had notice of the proceedings, he was afforded due process. This argument, however, ignores the second prong to due process – the opportunity to be heard. *Mullane v. Central Hanover Bank & Trust Co.*, 339 U.S. 306 (1950). The record before this court ***conclusively proves*** that petitioner never was afforded the opportunity to be heard on his personal liability ***prior to*** judgment. Because mere notice is not sufficient to satisfy due process, *Omni Capital International v. Rudolf Wolff & Co.*, 484 U.S. 97 (1987), the failure of the district court to afford petitioner any opportunity to be heard, ***prior to judgment***, mandates reversal of that judgment.

Indeed, the record is so conclusive as to the district court's violation of petitioner's due process rights, that respondents, in their defense of this due process violation, must resort to a clearly extraneous and inadvertent statement that petitioner's then newly-retained counsel made in his Federal Circuit brief. Petitioner's counsel therein mistakenly wrote: "Over the objections of Donald Nelson [petitioner], the lower court granted the defendants' motion thereby subjecting Donald Nelson to liability for the attorney fees and costs * * * ." Brief on Appeal of Appellants at 5-6. Taken in its context, it is evident that petitioner's former counsel intended to write "over the objections of Ohio Cellular" inasmuch as it was Ohio Cellular, not petitioner Donald Nelson, who formally objected to respondents' motion to join petitioner. J.A. at 29. In any event, petitioner, as any person would, obviously "objected" to having judgment rendered against him. Yet, although he may have "objected," he

unfortunately never was afforded the opportunity, ***prior to judgment***, to: (1) formally and properly present his objections by brief or motion; (2) appear and contest his personal liability; and (3) present evidence on the issue. Petitioner's personal objections aside, because there was a total failure to afford him the opportunity to make a ***proper*** objection and to present a ***meaningful*** defense to his personal liability ***prior to*** judgment, there is no basis for respondents to claim at page 29 of their Brief, that petitioner "was 'heard.' " There having been no meaningful opportunity for petitioner to be heard prior to judgment, the judgment against him must be reversed.

Finally, respondents' reliance upon *American Surety Co. v. Baldwin*, 287 U.S. 156 (1932), is misplaced because the defendant in American Surety was a surety on a supersedeas bond who had consented to judgment being rendered against it and had then failed to avail itself of an existing remedy by which it could challenge the judgment. In the instant case, there was no such consent, and no means by which petitioner could challenge the judgment other than by this appeal and the motion that he unsuccessfully presented under Fed. R. Civ. P. 60(b)(4). There being nothing in the record to indicate that petitioner was afforded the opportunity to be heard on his personal liability for attorneys' fees, the decisions of the district court and the Federal Circuit must be reversed.

III. BEFORE ENTERING JUDGMENT AGAINST AN INDIVIDUAL, A DISTRICT COURT MUST HAVE JURISDICTION OVER THAT INDIVIDUAL'S PERSON EITHER BY (1) VALID SERVICE OF PROCESS OR (2) WAIVER OF PERSONAL JURISDICTION BY THE INDIVIDUAL'S FAILURE TO INCLUDE THE LACK OF PERSONAL JURISDICTION AS A DEFENSE IN A RESPONSIVE PLEADING OR MOTION REQUIRED BY FED. R. CIV. P. 12.

A. Petitioner, who never was afforded the opportunity to make a first defensive move, did not waive the defense of lack of jurisdiction over his person.

As petitioner suspected, respondents argue in Part IV(A) of their Brief that he waived the defense that the district court lacked jurisdiction over his person. Anticipating that argument, petitioner already has addressed it at pages 47-49 of his merit Brief, and will only briefly respond to it here. First, in support of their "waiver" argument, respondents rely upon this Court's decision in *Baldwin v. Traveling Men's Association*, 283 U.S. 522 (1931). In *Baldwin*, this Court dealt with a collateral attack on a court's jurisdiction that had been instituted by a party (1) who had appeared in the prior action and (2) against whom the personal jurisdiction issue had been adversely determined. This Court concluded that, under the doctrine of res judicata, once a party has had a full and fair opportunity, ***prior to judgment***, to contest and litigate the court's jurisdiction over his person, he is foreclosed from relitigating the jurisdictional issue in a separate proceeding. Unlike *Baldwin*, the instant case does not involve a collateral attack to which the doctrine of res judicata would apply, but rather involves a direct attack, by way of appeal, upon the district court's power to render judgment against petitioner. Because of the respondents and the district court's rush to judgment against petitioner, he never was afforded the opportunity, ***prior to*** judgment, to contest the court's jurisdiction over his person. Absent a full and fair opportunity for petitioner to contest the court's jurisdiction ***prior to*** judgment, there is no basis to argue that he waived the issue on appeal.

As petitioner previously noted in his merit Brief, Fed. R. Civ. P. 12(h) governs the waiver of the defense of lack of personal jurisdiction. It provides, "A defense of lack of jurisdiction over the person * * * is waived if it is neither made by motion under this rule nor included in a responsive pleading." Thus, Rule 12(h) clearly anticipates that

for there to be a waiver of the defense, there must first be the opportunity to assert the defense under the rule. As the court in *Silva v. City of Madison*, 69 F.3d 1368, 1376 (7th Cir. 1995), noted, "A responsive pleading is the defendant's opportunity to state his objections to jurisdiction or to state his substantive position."

In the instant case the "opportunity to state his objections to jurisdiction" never materialized for petitioner inasmuch as there was no third party complaint to which he could respond, much less any service of a third party complaint. Thus, under *Silva*, there was no "opportunity" for petitioner to waive the defense of lack of personal jurisdiction under Fed. R. Civ. P. 12(h). That being the case, many of the respondents' cited decisions, which found there to have been a waiver under Rule 12(h), are inapposite here. *See, United States v. Gluklick*, 801 F.2d 834 (6th Cir. 1986); *Alger v. Hayes*, 452 F.2d 841 (8th Cir. 1972); *Consolidated Rail Corp. v. Grand Trunk Western Railroad*, 592 F.Supp. 562 (E.D. Pa. 1984); *Coleman v. Kaye*, 871 F.3d 1491 (3rd Cir. 1996); *Nester v. Hershey*, 425 F.2d 504 (D.C. Cir. 1969); *Zelson v. Thomforde*, 412 F.2d 56 (3rd Cir. 1969); *Rowley v. McMillan*, 502 F.2d 1326 (4th Cir. 1974); *Pardazi v. Cullman Medical Center*, 896 F.2d 1313 (11th Cir. 1990); *O'Brien v. R.J. O'Brien & Associates, Inc.*, 998 F.2d 1394 (7th Cir. 1993); *Engineers Association v. Sperry Gyroscope Co.*, 251 F.2d 133 (2d Cir. 1957); *Carter v. Powell*, 104 F.2d 428 (5th Cir. 1957); and *Preferred RX, Inc. v. American Prescription Plan, Inc.*, 46 F.3d 535 (6th Cir. 1995).

Most of the remainder of the cases that respondents cite in Part IV of their Brief, although not specifically addressing Rule 12(h), held that a party could waive the defense of lack of jurisdiction by failing to assert it in the course of a ***pre-judgment*** appearance. The courts in those cases found that either: (1) there had been a waiver on account of the defendant's appearance and participation in the litigation on the merits ***prior to*** judgment; *Yeldell v. Tutt*, 913 F.2d 530 (8th Cir. 1990); *Barnstead Broadcasting Corp. v. Offshore Broadcasting Corp.*, 869 F.Supp. 35 (D. D.C. 1994); *Continental Bank, N.A. v. Meyer*, 10 F.3d 1293, 1297 (7th Cir. 1993); *T & R Enterprises, Inc. v. Continental Grain Co.*, 613 F.2d 1272 (5th Cir. 1980); *Trans World Airlines, Inc. v. Mattox*, 897 F.2d 773 (5th Cir. 1990); and *United States v. Gajewski*, 419 F.2d 1088 (8th Cir. 1969); or (2) the judgment against the defendant was void because, as in the instant case, there had been no pre-judgment appearance by the defendant; *Veeck v. Commodity Enterprises, Inc.*, 487 F.2d 423 (9th Cir. 1973). As with the Rule 12(h) cases, the aforementioned "waiver by appearance and participation before judgment" cases are inapposite to the instant cases in which it is undisputed that petitioner, ***prior to*** judgment, never appeared, and hence never waived, the defense of lack of personal jurisdiction. Because there was no pre-judgment waiver of the defense of lack of personal jurisdiction, the district court's decision must be reversed.

B. Petitioner is not precluded from raising before this Court the district court's lack of jurisdiction over his person.

Respondents conclude their Brief with an argument that because, in the proceedings below, petitioner allegedly did not raise the lack of personal jurisdiction and due process issues, he is precluded from raising them before this Court. Respondents previously raised this same argument in opposition to the Petition for Writ of Certiorari,[3] which this Court granted notwithstanding that argument. As petitioner previously pointed out in his Reply Brief in support of the Petition for Writ of Certiorari, despite the fact that he never was afforded the opportunity to raise lack of due process as a defense, he did raise the issue of lack of notice – an issue that goes to the heart of due process. *See*, Brief on Appeal of Appellant at pp. 17-18; *see also*, Pet. App. at 35. In addition, petitioner, having been deprived of the opportunity to

---

[3] *See*, Respondents Brief in Opposition to the Petition for Writ of Certiorari at 7-12.

raise *pre*-judgment motions, also filed with the district court a *post*-judgment motion under Fed. R. Civ. P. 60(b)(4), in which he unsuccessfully sought to set aside the judgment as void for lack of jurisdiction and as violative of due process. J.A. at 36. Accordingly, there is no basis to respondents' argument that petitioner did not raise the due process and lack of personal jurisdiction issues below.

Even assuming *arguendo*, that petitioner did not raise the jurisdictional and due process arguments below, there is no basis to respondents' argument that he may not raise them before this Court. Respondents' argument on this issue is based upon a long-standing rule of this Court that, absent certain exceptions (discussed *infra*), this Court will not consider errors not addressed by the court below. *See, Duignan v. United States*, 274 U.S. 195, 200 (1927).

Petitioner must first point out that there are other rules that apply with equal force to this case – the Federal Rules of Civil Procedure. Those rules required respondents, once they obtained leave to amend their third party complaint, to: (1) first file with the court an amended third party complaint; *see*, Fed. R. Civ. P. 7, 14 and 15; and (2) serve the amended third party complaint upon petitioner; *see*, Fed. R. Civ. P. 4. Such was the only means by which they could lawfully join petitioner as a party and commence legal proceedings against him. Regrettably, respondents simply disregarded these elementary requirements for the commencement of an action and proceeded directly to judgment against the petitioner. In short, respondents' failure to follow these simple, elementary rules was deliberate, unexcused and unconscionable and left petitioner in the unenviable position of trying to figure out how to challenge a lawsuit, and a judgment against him arising therefrom, that had been commenced in a totally unlawful and improper manner. Left in this procedural quandary, which was entirely the result of respondents' own wrongdoing, and not having had available to him a Rule 12 motion (the

only means by which he could have challenged the district court's lack of personal jurisdiction), petitioner, on appeal to the Federal Circuit, understandably focused on the clear lack of merits to the judgment (as set forth in Part I above) rather than on its jurisdictional deficiencies.

Now, after having deliberately and unconscionably violated the Federal Rules of Civil Procedure, respondents seek to benefit from their wrongdoing by arguing that petitioner, by having focused on the merits of the judgment against him, has waived his right to challenge before this Court the district court's exercise of jurisdiction over his person. To the extent that petitioner failed to present an argument below (an argument that he had no meaningful opportunity to present anyway), this Court has recognized exceptions to the rule that a party is precluded from raising issues not raised below. First, the rule only applies to errors that are "not of a fundamental or jurisdictional character," *Magruder v. Drury*, 235 U.S. 106, 113 (1914), *Grant Brothers v. United States*, 242 U.S. 647, 660 (1914), and to errors not "essential to the foundation of the action," *Gila Valley Railway v. Hall*, 232 U.S. 94, 98 (1914), *Old Jordan Mining Co. v. Société a Anonyme Des Moines*, 164 U.S. 261, 264 (1886). The error in the instant case (rendering judgment against a non-party without the opportunity to be heard) is, without question, jurisdictional, and, because of its due process implications, clearly is fundamental in character. *See, Zenith Corp.*, 395 U.S. at 110. Inasmuch as the district court's errors are of a jurisdictional and fundamental character, there is no basis to respondents' claim that petitioner has waived his right to challenge those errors before this Court.

Second, this Court has consistently held that it "may notice a plain error not assigned" in the court below. *Youakim v. Miller*, 425 U.S. 231, 234 (1976); *Rogers v. United States*, 422 U.S. 35, 41 (1975); *Ana Maria Sugar*, 254 U.S. 245, 251 (1920); *United States v. Tennessee & Coosa Railroad Co.*, 176 U.S. 242, 256 (1900). *See also, Heckler v. Campbell*, 461 U.S. 458, 468-69, n. 12 (1983) and *Duignan*, 274 U.S. at 200, both of which respondents cite in their Brief and

both of which noted that in "exceptional cases" this Court will consider errors not raised below. In the instant case, when respondents set about to deliberately disregard the Federal Rules of Civil Procedure, they left a trap for the unwary, a trap that was set to spring upon petitioner in the event that he should fail to assert an argument, which he never was given a proper opportunity (under Rule 12) to assert in the first place. Given the exceptional circumstances – respondents' deliberate disregard for the rules of procedure – and the plain nature of the error – the rendering of judgment against a non-party without notice and an opportunity to be heard, this case clearly falls within the exception to the rule that arguments not raised below will not be heard before this Court. Because the district court clearly committed plain error, its decision should be reversed.

CONCLUSION

For the reasons stated in Part I, the judgment of the district court should be reversed and respondents' claims for attorneys' fees against petitioner should be dismissed with prejudice. For the reasons stated in Parts II and III, the judgment of the district court should be reversed and the cause remanded for proceedings in accordance with the Federal Rules of Civil Procedure and the Fifth Amendment to the United States Constitution.

Respectfully submitted,

DEBRA J. DIXON
(*Counsel of Record*)
JAMES L. DEESE
DEBRA J. DIXON & ASSOCIATES
700 West St. Clair Avenue
Suite 216
Cleveland, Ohio 44113
(216) 621-9100

Attorneys for Petitioner